KOOVS PLC

ANNUAL REPORT 2019

REPORT AND FINANCIAL STATEMENTS

2019

Contents

CORPORATE INFORMATION

Directors

Lord Alli	*Chairman*
Nina Amin	*Non-executive Director*
Avni Biyani	*Non-executive Director*
Baroness Rebuck DBE	*Non-executive Director*
Emily Sheffield	*Non-executive Director*
Mary Turner	*Chief Executive Officer*
Robert Pursell	*Chief Financial Officer*

Nominated & Financial Advisor

Strand Hanson Limited
26 Mount Row
Mayfair
London W1K 3SQ

Corporate Broker

Whitman Howard
Connaught House
Davies Street
Mayfair
London W1K 3NB

Auditors

BDO LLP
55 Baker Street
London W1U 7EU

Bankers

Barclays Bank PLC
27 Soho Square
London W1D 3QR

Solicitors

Foot Anstey LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth PL4 0BN

Registered Office

York House
23 Kingsway
London WC2B 6UJ

Registered in England number: 08166410

Corporate information

Further information, including the AIM Admission document, is available on the Koovs plc corporate website at:
www.koovs.com/corporate

CHAIRMAN'S STATEMENT

Dear Shareholders,

The last two years have been especially challenging for Koovs. The disruptions in India caused by demonetisation and the introduction of the Indian Goods and Sales Tax (GST) in July 2017 were a significant brake on Koovs online retail activity levels throughout FY18 and into the first half of FY19. Despite a good recovery in Gross Order Value (GOV) and trading margin in the second half of the year, the results for FY19 have reflected these regulatory challenges.

In response to these challenges, the Board performed a review of the Group's operations in FY18 to identify medium-term objectives to support our future growth plans. As a result, the Board took the decision to reset the Group's objectives, targets and five-year plan for growth with a view to securing new investment to fund the plan.

In many respects and despite the disruptions in India, FY19 has been an encouraging year for Koovs: it has seen new funds of £22m (excluding the cost of funds raised of £1m) successfully injected into the business with commitments for a further £23m; the strategic relationships with both Future Lifestyle Fashions Limited ("FLFL") and HT Media Limited ("HT Media"); the Technical Services contract signed with FLFL and the recovery in GOV and trading margin in the second half of the year. With the green shoots of recovery firmly established, there is a clear opportunity to capitalise on the platform we have built to deliver positive growth in shareholder value over the coming years.

Successful fundraising puts Koovs back on track

We secured funding from key strategic and institutional investors: FLFL, part of Future Group, one of India's largest retail groups, and HT Media, owner of the Hindustan Times and one of India's largest and most influential media companies. The funding has put Koovs back on track and we are now able to focus our efforts on the day-to-day operations and deliver on our strategy by resuming our growth plan over the coming years. We are delighted by the support we have received from investors who share our vision.

Strategic relationships

The strategic relationship with FLFL represents a transformational deal for Koovs. Since the end of FY19 FLFL have invested a further £3.7m and have subscribed for an additional investment of £6.8m. The relationship is expected to deliver synergies across the value chain from manufacturing and distribution to market reach, marketing and customer engagement. Current projects underway include:

- Provision of technical services (in FY19 and FY20) to Brand Factory including an ongoing maintenance contract (FY20);
- Koovs concessions opened in three Central stores in Delhi over the period. We are now rolling out this concession model to another five stores in Bangalore (two stores), Hyderabad, Pune and Noida;
- Studio Services agreement to use Koovs studio facilities to shoot catalogue images and videos for up to 1,000 products per month; and
- An agreement to sell a curated selection of FLFL products on the Koovs online platform.

The strategic relationship with HT Media gives Koovs the option to acquire an additional three £6.0m tranches of media from HT Media. Each of these tranches, if called by Koovs, will be funded by HT Media investing a further £4.3m per tranche in the Group. The agreement will give the Group premium exposure with which to further build the Koovs brand and will provide the business with an important platform to support future growth in the world's fastest growing economy.

CHAIRMAN'S STATEMENT

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Technology Platform delivers new opportunities for growth

Koovs proprietary online technology platform powers Koovs.com and is considered a market-leading success in India's rapidly expanding e-commerce market. The capability and scalability of the platform has been recognised by FLFL which has contracted Koovs to build and maintain the online platform for its Brand Factory retail format. Under the terms of the contract, Koovs received one-off fees of $1.05m and $0.35m respectively for the development and integration of the Brand Factory online platform and an ongoing maintenance fee for an initial term of 24 months. ($1.05m revenue has been recognised in FY19, $350k will be recognised in FY20 and maintenance revenue will be recognised in FY20).

Leading customer engagement and market recovery

During FY19, the retail market in India was recovering from the impact of demonetisation and adoption of GST. As a result, many online retailers and marketplaces discounted deeply to drive sales and clear legacy stocks. In this climate, I am pleased that Koovs purposefully followed a different strategy to focus on driving higher value sales, operational efficiency and customer satisfaction rather than volume, supporting our position as an exciting, aspirational and trusted brand.

Bearing in mind this continued challenging environment experienced in the first half of FY19, our primary focus was to conserve cash by reducing marketing and stock levels, with management's time primarily spent securing new funding to support Koovs growth. Despite this, we were able to maintain our brand awareness, increase customer engagement through our social media channels, and deliver market-leading customer satisfaction, which the Board strongly believes demonstrate the resilience and strength of the Koovs brand.

Our strategy to drive higher sales value has paid off and I am pleased to report a positive increase in trading margin from 14% to 18%. We have also continued to deliver a fantastic service for our customers, being named for the second year running by Forrester Research as the No.1 online retailer for customer experience in India. Our marketing strategy to focus on social media, exclusive content and smart partnerships with Indian celebrities has proved highly cost effective and has established Koovs as the leader in customer engagement – with 2.6m social media followers, more than three times the engagement of our nearest competitor.

The Group was able to rebuild stock levels in the second half of the year and resume its marketing activities which delivered encouraging signs of recovery with Gross Order Value ("GOV"- value of orders placed) increasing to £8.0m, 65% ahead of the first half, delivering total GOV of £12.8m for FY19.

Outlook

Koovs is now back on track, and I am extremely excited about the Company's growth prospects for the years ahead. I would like to take this opportunity to thank all our colleagues in the UK and India for their continuing hard work, dedication and enthusiasm.

Waheed Alli
Chairman
16 July 2019

STRATEGIC REPORT

THE MARKET

"India is coming online at an unprecedented rate'
Google, Year in Search – India 2018

India has continued to impress with its digital expansion. Already the second largest country globally of internet users with 560m people connected* and penetration at 40%**, according to Google's Year in Search Report *India is coming online at an unprecedented rate, adding an average of 40 million new users a year*.

560M INTERNET CONNECTED People March 2019

40M NEW USERS Average users a year

According to Bain & Company:

"India is at a critical stage in its digital journey, with substantial growth potential in usage and transactions.

Demographically India's penetration is 55% in urban areas v 15 % in rural with 33% male and 22% female. With significant potential for growth, India's online transactors are spending $224 per person per year, which is 1/10th of China's ($1862). In fact, 68% of those buying products online are under 35 with 90% of transactions currently from the urban pocket.

Google highlights three key trends:

"Bharat is going online – Fastest Growth is now in Non-Metros

Where growth has so far been primarily driven by adoption in the top cities, the fastest growth is now being seen in non-metro areas and this is being driven by smartphone adoption, says Google. This marks a step change in online adoption in India and is a significant opportunity for further ecommerce reach and growth.

Redseer Research also highlights online fashion growth for Tier2+ city consumers with growth of 66% in Q1 2019 calendar year and spend expected to reach $10bn run rate by the end of 2019. This would be a landmark indeed, putting the online fashion market within touching distance of 10% share of overall fashion spend.

"Online video is a great success story in India – expected to reach 500m users in 2020

Driven by smartphones, where the average smartphone user is viewing over 36 minute of online video a day, 'Video is already shaping how customers gather information and how they shop.'

In fact, India now tops the world in hours spent on video streaming apps spending 47bn hours a year, ahead of Brazil at 22bn hours – App Annie's *'State of Mobile 2019 Report'*.

Mobile – a critical enabler – Mobile data use in India has now reached 8Gb per month – equivalent to that of mature mobile markets according to Bain & Co, with major network operator Reliance Jio stating that their 280m customers use on average 10Gb of data a month.

"Omnichannel shopping – the growing confluence of online & offline

Online and offline are now converging to provide a great customer environment. 55% of customers say they have used online video while shopping in store. This is a great indicator for retailers who are investing in digital marketing to get market advantage and embracing the blended online-offline world.

Online Fashion Growth

Fashion remains a dynamic and fast-growing category. While online retail is growing at 27% CAGR, apparel online is growing even faster at 30% CAGR and is forecast to reach $14.7bn in 2022. In this space Koovs addressable market for online Western fashion is expected to achieve $6.8bn in the same timeframe. (Hardman & Co 2018).

* Internet World Stats March 2019

**Kantar IMRB December 2018

STRATEGIC REPORT

CONTINUED

STRATEGY

Our goal is to be the No.1 online western fashion destination in India.

Our Strategy is to build the Koovs business by:

- Amplifying the Koovs Brand;
- Expanding our Product Range;
- Engaging our audience through Content;
- Extending our Reach; and
- Maximising Technology to empower our customers and give Koovs a competitive advantage.

This strategy has already delivered a strong and unique position in the Indian market where Koovs is building on our reputation as the brand that is: **Famous for Fashion**, offering **Great Choice & Affordable Style**, benchmarked as **No. 1 for Customer Experience**, noted for **1st Class Content & Social Media Engagement**, with a seamless **Mobile-First Technology experience**.

For the second year running, in November 2018 Koovs was named No.1 in India for customer experience in online retail by Forrester Research, ahead of Amazon and Flipkart. We were voted one of Asia's Most Trusted Brands by IBC Corporation's Asia Awards in August 2018, and with 2.6m social followers, we remain the recognised leader for engagement, winning the prestigious SAMMIE award for Best Social Media Brand in Fashion Apparel also in August 2018.

FY19 OBJECTIVES

Our objectives during FY19 were to conserve cash and to secure new funding that would support Koovs growth. In H1 FY19, we successfully secured £22m of funds with commitments for a further £23m to deliver on the Group's ambitions to achieve scalable growth over the coming years.

During the year, the Board has demonstrated its experience and expertise, taking the decisions necessary to protect the Koovs brand and to conserve resources during a period of turmoil caused by demonetisation and the implementation of Goods and Services Tax (GST); this included reducing marketing costs and stock levels. In this climate, Koovs purposefully followed a strategy to focus on driving higher value sales, operational efficiency and retain its premium position. As a result, and despite a challenging retail environment, Koovs GOV stood at £12.8m and trading margins increased from 14% to 18% for FY19. Revenues increased from £6.35m to £6.43m, a 9% increase at a constant exchange rate, with a reduction in gross loss from £1.72m to £0.53m. We were also able to maintain brand awareness, increase customer engagement through our social media channels, and deliver market-leading customer satisfaction, demonstrating the resilience and strength of Koovs, as well as supporting our position as an exciting, aspirational and trusted brand.


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1998

STRATEGIC REPORT

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STRATEGIC INVESTMENT

The calibre of the new strategic partnerships with both FLFL and HT Media over the period, is testament to the strength our brand has in India. The new funding has put Koovs back on track, allowing management to refocus its efforts on the day-to-day operations and resume its growth plan over the coming years.

HT Media, one of India's largest media companies and owner of the Hindustan Times – announced their media-for-equity investment on 22 August 2018, worth up to £17.1m over four years, of which £4.3m was invested in FY19.

FLFL, part of Future Group, one of India's largest retail groups, invested £5.8m in July 2018 and subscribed for a further £10.5m in FY20 (of which £3.7m has already been received).

Our relationship with FLFL was further strengthened following the appointment of Avni Kishore Kumar Biyani, a director of FLFL, as Non-executive Director of Koovs with effect from 1 January 2019.

The strategic partnership with FLFL represents a rewarding deal for Koovs and is expected to deliver synergies across the value chain from manufacturing and distribution to market reach, marketing and customer engagement.

In addition to the strategic investments, directors and other investors invested a further £12m in July 2018.

DEVELOPING STRATEGIC SYNERGIES WITH FLFL

Since completing the first stage of FLFL's investment in Koovs, both companies have moved quickly to leverage synergies and opportunities for both businesses.

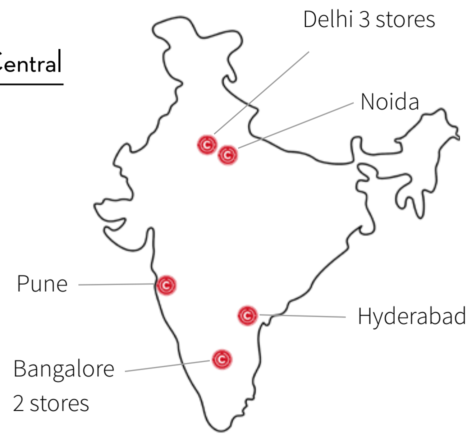
In October 2018, Koovs was able to launch its first physical retail spaces with Koovs Private Label concessions in three of FLFL's Central department stores in New Delhi. We now have a further five stores scheduled in Bangalore (2 stores), Hyderabad, Pune and Noida in H2 FY20.

At the same time, Koovs has been integrating high profile global brands like Lee Cooper and Converse, licenced exclusively to FLFL in India and signature house brands, including Cover Story and Indigo Nation, to enhance the brand offering on Koovs.com while retaining a strong trading margin.

In return, Koovs is already providing technical and marketing services to FLFL, with a $1.4m technical services contract to build and support (for a period of 24 months) FLFL's first ecommerce platform, based on Koovs proven and market-leading microservices platform, for the Brand Factory retail format. We also signed an agreement in December 2018 to hire the use of Koovs Studio Services for fashion photography and video for up to 1,000 products a month.

Having made significant progress already, Koovs and FLFL will continue to develop new opportunities and maximise synergies to benefit both businesses.

KOOVS at Central



STRATEGIC REPORT

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STRATEGIC HIGHLIGHTS

Brand – Famous for Fashion

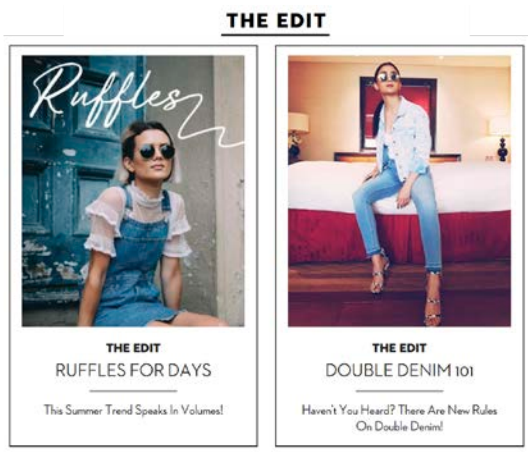
In FY19, we have continued to build and amplify the Koovs brand and brand position as Famous for Fashion with India's youth.

While H1 FY19's marketing spend was significantly reduced due to cash conservation, highly targeted digital and social marketing maintained high brand visibility with our target audience. By promoting the Koovs app extensively through our digital campaigns and a new execution of the highly successful 'Step into Koovs' campaign, Koovs is recognised as the brand offering a seamless mobile customer experience and a lifestyle choice to enjoy fashion and life on the go.

Koovs was named one of Asia's Most Trusted Brands by IBC Corporation's Asia Awards in August 2018 and was rated No. 1 for Customer Experience for the second year running by Forrester in November 2018 and noted for 1st Class Content & Social Engagement, we have also further advanced our position as the Fashion Authority by providing exclusive, rich, relevant and current fashion editorial to inform, inspire and encourage customers to wear the latest trends with confidence.

As a result of our successful fundraising, in August 2018 Koovs also signed a strategic four-year media for equity deal with existing investor HT Media, which ensures we can continue to build the Koovs brand strategically and cost effectively through HT Media's key channels over the next four years.

Following the HT Media deal and with the new transformational investment by FLFL announced in July 2018, Koovs is already maximising opportunities for the brand, launching the Koovs Private Label in FLFL's Central retail department stores.



STRATEGIC REPORT

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Products – Great Choice & Affordable Style

Design authenticity and exclusivity are key to Koovs position as the authority in affordable western fashion. Koovs exclusive Private Label continues to be the flagship brand on Koovs.com, leading in prominence and generating 42% of sales.

In a market characterised by deep discounting, Koovs decision to protect the brand and retain premium quality and price, has helped to deliver a significantly improved trading margin of 18%, an increase of 29% on the 14% delivered in FY18. In H2 FY19, after successfully securing new funding and post cash conserve, product range expansion was resumed, boosting Q4 FY19 Gross Order Value by 67% to £4.4m.

On Koovs.com, the curated range of famous brands represents 58% of sales, with many lines exclusive to us. The choice of brands has been further enhanced with the addition of some of FLFL's premium licenced global brands such as Converse and Lee Cooper, as well as FLFL's own leading brands, Cover Story and Indigo Nation.

Designer Collaborations

Kunal Rawal X Koovs, our third statement menswear designer collaboration, was launched in November 2018. The collection featured the young, versatile and highly wearable combination of traditional long-line silhouettes with contemporary streetwear that has proved very popular with Rawal's celebrity Bollywood clients.

Most recently in FY20, Koovs has also launched two new high profile collaborations as the Style Partner for blockbuster young, rom-com Student of the Year 2 in May 2019 and a stunning new designer collaboration, Shivan & Narresh X Koovs featuring the duo's acclaimed exotic, print inspired designs.

STRATEGIC REPORT

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Content – 1st Class Editorial & Social Media

Creating the right content and two-way engagement is essential to convince customers our brand is credible and relevant to them.

With social media followers reaching 2.6m and visits to Koovs.com showing year on year growth of 133% in Q4, editorial content and social media campaigns have been more successful than ever in FY19. Across the year, eight campaigns reached a total of 425m people, engaging with 12.5m motivated social fans.

Seven established and up and coming Bollywood stars Taapsee Pannu, Huma, Ahaan and Alanna Panday, Diana Penty, Akhil Akkinen and Rakul Preet Kaur brought their personal style to our Koovs collections with fashion diaries from London, Rome and Dubai.

#KoovsLondonDiaries alone reached 92m audience, engaging with 3.7m and we also had our most successful ever User Generated Campaign (UGC) **#everystreeturcatwalk** delivered 102m reach and 2.9m engagement.

#KOOVSLONDONDIARIES

>92M reach, 3.7M engagement

#EVERYSTREETURCATWALK

UGC 102M reach 2.9M engagement

As a result, Koovs social media excellence was recognised in August 2018 with a prestigious SAMMIE award for Best Social Media Brand in Fashion Apparel.

May 2019 New Movie Collaboration

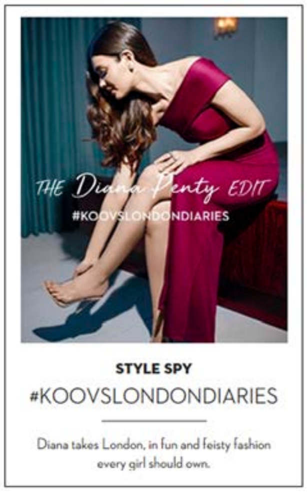
Our most recent collaboration in FY20 as the Styling Partner with blockbuster rom-com film Student of the Year 2, with three of Bollywood's hottest young stars – Tiger Shroff, Tara Sutaria and Ananya Panday, has featured across Koovs social channels.

2.6M
KOOVS
Social followers

425M
SOCIAL REACH
across 8 campaigns

#KOOVSLONDONDIARIES WITH ALANNA PANDAY

STYLE SPY | 23 JULY 2018



STRATEGIC REPORT

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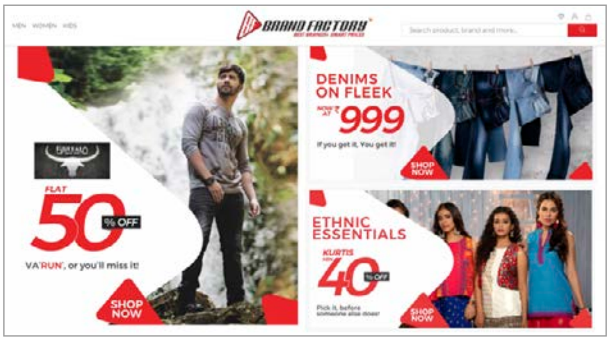
Extend Reach – To New Customers & Retail Spaces

In collaboration with our strategic partner and investor FLFL, Koovs Private Label launched retail concessions in FLFL's Central department stores. Three concessions were opened in Delhi stores commencing in October 2018 with an additional five new stores in Bangalore (2), Pune, Hyderabad and Noida due to open in H2 FY20. This move not only takes the Koovs brand into physical retail for the first time, it also gives our customers more options in how they can choose to browse, shop and interact with our brand.

Mobile-First, Market-Leading Technology



Koovs target young customer in India is technology savvy and an avid smartphone user, living life on the go. With over 75% of traffic and transactions delivered via our app and mobile site, our technology strategy continues to deliver on customer engagement and satisfaction with the Koovs App now a prominent part of our marketing campaigns.

Koovs Platform

The Koovs market leading microservices platform was chosen by our investor and India's largest retail operator FLFL to provide the technology platform for its first move into ecommerce with the Brand Factory retail format. The deal, announced in March 2019, represents a $1.4m Technical Services Contract and proves our potential to license Koovs platform and technology expertise.

STRATEGIC REPORT

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TRADING PERFORMANCE

For the first seven months of the year trading was impacted as stock levels and marketing were reduced to ensure the Group had the cash runway required to secure funding. With funding received and the Group back on track, the final quarter of the year has produced excellent results, with further improvements in trading margin and Gross Order Value up 67% to INR405m / £4.4m compared to the previous year. Group revenues, including the sales of Technical and other services increased by 9% from INR543m / £6.4m to INR 590m / £6.4m. Whilst the impact of the first seven months of trading has caused an overall decline in GOV, Net Sales and Conversion, the performance in Q4 together with improvements made during the year to products, technology and supply chain have increased the full year trading margin by 7% from INR114m to INR123m. This improvement in underlying margins along with the acceleration of sales and traffic in Q4 provide a strong platform for the return to full year growth.

Key performance indicators

The Group supplies branded fashion garments and accessories for exclusive distribution through the Koovs.com website including international fashion brands, iconic British high street brands and Koovs Private Label products designed by a talented team based in London.

We monitor the Group's performance in a number of ways including assessing the performance of Koovs.com, which, although it is operated by Marble E-retail Private Limited ("Marble"), an independently owned and managed company, reflects the performance of the products and marketing managed by the Group.

Over the past year, compared with the previous year, we have achieved the following:

	Definition	**Year ended March 2019**	Year ended March 2018	Movement
Gross order value*	Value of orders placed	**INR1,178m/£12.8m**	INR1,259m/£14.8m	-6%/-13%
Net sales*	Gross order value less returns, less tax	**INR691m/£7.5m**	INR817m/£9.6m	-15%/-21%
Visits to the site*	Website traffic	**75.9m**	65.9m	+15%
Conversion*[1]	% of website visits that place an order	**1.1%**	1.4%	-17%
Trading margin*	See note below	**INR123m/£1.3m**	INR114m/£1.3m	+7%/+0%
Trading margin %*	Trading margin as % of net sales	**18%**	14%	+28%
Revenue	Wholesale revenue of Koovs plc	**INR590m/£6.4m**	INR543m/£6.4m	+8%/+0%
Adjusted EBITDA Loss	Loss before interest, tax, depreciation, amortisation and non-cash share-based payment charges	**INR1,183m/£12.9m**	INR1,183m/£13.9m	+0%/+7%
Loss before tax	Reported loss	**INR1,423m/£15.5m**	INR1,312m/£15.3m	-8%/-2%

*in relation to the Koovs.com website and non-IFRS measures.

Note: The Group gross margin reported in these financial statements is the margin generated on sales of product to Marble, the operator of the Koovs.com website. Due to foreign direct investment rules Koovs India cannot currently ship directly to the end consumer. Trading margin is the implied gross margin that would be reported in the Group's accounts if Koovs India were able to ship products directly to the end consumer, and is a key performance indicator of the Group.

[1]Conversion rates have increased to 1.3% in Q1 FY20.

To assist UK-based readers of the financial statements, translations into GBP (£) have be supplied on a memorandum basis to allow a clear understanding of the results and financial position of the business. The memorandum information has not been audited and does not form part of the financial reporting of the Group representing, as they do, simple translations of the Rupee information. The exchange rates used are detailed in note 2 in the notes to the financial statements.

STRATEGIC REPORT

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OUTLOOK

The Indian consumer market presents a huge opportunity as the fastest growing major world economy in a digitally-driven democracy. The ecommerce market is still in its early stages and is considered the last big world retail market to move online. The opportunity for growth is significant with major global players like Amazon, Walmart, eBay and Facebook investing in India. Recent forecasts show the ecommerce market growing from $24bn in 2017 to $84bn in 2021 and $200bn in 2026. Online fashion is expected to grow from a $4bn market in 2017 to a $15bn market by 2022.

Koovs is an established brand with award-winning customer experience and is well positioned to take the lead in growing the online western fashion category, becoming the western fashion experts for online Indian consumers. This is already evidenced by the success of our social media campaigns with 2.6m social followers and the highest levels of content engagement in the industry.

Building on the success in the last three months of FY19 we expect to return to significant full year growth in FY20 with a focus on securing continued improvement in trading margins. The recently secured funding will provide investment in marketing to increase traffic levels, and an expansion of the product offering, lifting conversion rates.

Current trading is in line and on target to deliver market expectations for FY20.

FINANCE REVIEW

The financial results of the Koovs plc Group in this report cover the year ended 31 March 2019.

The Group's principal activity is that of supplying branded fashion garments and accessories for sale by a third party through a branded website principally in the Republic of India.

Financial results

Revenue and gross loss

The Group achieved revenue of INR589.9m/£6,427k (2018: INR543.2m/£6,350k) during the year from the wholesale of fashion garments and accessories, and the provision of technical and studio services. Gross loss on this revenue was an improvement on previous years at INR48.8m/£532k (2018: INR147.0m/£1,718k).

Operating expenses

Operating expenses comprise the costs of the design and merchandising team in the UK, the creative, content, marketing and IT teams in India, infrastructure costs, marketing expenditure and corporate costs. Altogether this amounted to INR1,232.7m/£13,431k (2018: INR1,100.0m/£12,857k) to give an operating loss of INR1,281.5m/£13,963k (2018: INR1,247.0m/£14,575k). This includes non-cash share-based payment expenses of INR85.3m/£930k (2018: INR52.9m/£619k), amortisation and depreciation of INR12.9m/£141k (2018: INR11.3m/£132k).

STRATEGIC REPORT

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Financial income and expense

Financial income comprises of interest receivable in India and amounted to INR25.8m/£281k (2018: INR18.8m/£220k) and financial expense arises mainly from accrued interest payable on the convertible loan notes and amounted to INR167.4m/£1,824k (2018: INR84m/£982k). This gave a loss before tax of INR1,423.1m/£15,506k (2018: INR1,312.2m/£15,337k).

Taxation

Due to the losses generated in the period, and the likelihood that it will be some time before tax losses can be utilised, no deferred tax has been accounted for and therefore there is no tax charge or credit in the current or prior period.

Loss for the period

The loss for the period was INR1,423.1m/£15,506k (2018: INR1,312.2m/£15,337k). The Indian ecommerce market is still in an early stage and is expected to grow significantly over the coming years. The current scale of the business means that manufacturing volumes are too low to generate a gross profit leading to an overall loss.

Basic earnings per share

Earnings per share amounted to a loss of 4.9 rupees/ 5.3 pence per share based on the loss attributable to equity holders of INR1,423.1m/£15,506k and weighted shares in issue of 293,165,252. The loss per share in the previous period was 7.5 rupees/ 8.3 pence based on the weighted shares in issue of 175,383,691.

Cash flow and funds

Operating Activities

During the year to 31 March 2019 the Group utilised INR1,443.6m/£15,729k (2018: INR1,191.2m/£13,922k) in operations mainly funding the operating losses of INR1,423.1m/£15,506k. This included an increase in working capital of INR256.5m/£2,846k for the prepayment of media assets related to the investment by HT Media, excluding which the cash utilised in the year would be INR1,187.1m/£12,883k.

Investing activities utilised INR199.0m/£2,168k as funds raised were deposited in fixed term accounts to maximise financial income.

Financing activities in the year, primarily through the issue of equity, raised INR1,884.7m/£20,534k.

As a result of these movements, the net increase in cash and cash equivalents was INR242.1m/£2,637k (2018: net decrease of INR146.8m/£1,715k). The closing net cash and cash equivalents was INR310.7m/£3,447k (2018: INR34.5m/£404k).

Taken along with the bank deposits the Group had access to INR747.2m/£8,289k (2018: INR252.9m/£2,766k) at the end of the financial period as described in Note 17.

Financial position

At the end of the financial period the net assets of the Group amounted to INR1,331.8m/£14,776k (2018: INR716.2m/£7,837k). This included INR621.2m/£6,892k of goodwill arising from the acquisition of Koovs India. Indian Goods and Services Tax (GST) legislation and its application allow any unutilised input credits to be carried forward for an indefinite period and on a transferable basis. As such, to the extent this legislation remains as enacted and applied, any unutilised GST input credits are recognised as an asset in full in the consolidated statement of financial position. Further information on the funding position of the Group is given in the Directors' Report and in the next section of this report.

Principal risks and uncertainties

There are a number of market and business risks that could affect the Company and the Group. We set out below the Group's view of the main risks which, should any materialise, could materially adversely affect the Group's business, financial condition and returns to shareholders. Further risks and uncertainties which are not presently known to the Directors at the date of this document, or that the Directors currently deem less significant, may also have an adverse effect on the business, financial condition or results of the Group.

Funding

The Group's business plan envisages a period of investment in marketing and product in order to grow the business to significant scale and through to profitability.

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During the financial year total funding of £22m has been raised. £12.0m from investors and directors; £5.8m through a strategic investment from FLFL, part of Future Group, a major retailer in the Indian market; and £4.3m through a media for equity deal from HT Media Ltd, part of the Hindustan Times group of companies, a major media company in India. On 7 May 2019 FLFL signed a subscription agreement to invest further £10.5m in two tranches, the details of which are given below. HT Media Ltd have conditionally agreed to provide an additional £12.9m of equity for media to be drawn down in three tranches when required by the Company.

It should be noted that since 31 March 2019, the Group has received £3.7m of the £10.5m further strategic investment from FLFL ("First Tranche"). An additional investment from FLFL of £6.8m, the ("Second Tranche"), for 24,010,937 compulsorily convertible preference shares instrument (CCPSs) has also been subscribed for subject to receipts of fund, which is expected in several stages within the calendar year. These are convertible on the first anniversary of issue (or at the option of FLFL at an earlier date) into 24,010,938 new Ordinary Shares. The implied investment price is approximately 28.36p per new Ordinary Share, which when combined with the investment into the "First Tranche" implies a blended investment price by FLFL for the full investment of approximately £10.5m at 15p per new Ordinary Share. This investment was conditional on the directors receiving the authority from shareholders to issue the CCPS, and this authority was granted at the EGM held on 25 June 2019.

The Board is confident that any additional funding required beyond that referred to above will be secured in due course.

Market and Economic Risks

Economic outlook

The Group's revenue is dependent on the sales by Koovs India to Marble which, in turn, is dependent on the retail sales Marble achieves, so the Group is sensitive to the impacts of the general economic climate in India and on the population's propensity to spend on fashion clothing and accessories. Global economic factors may impact the costs of inputs such as cotton and fuel and the Group's ability to pass on such cost increases may be limited. The Board monitors projections for the Indian economy on a regular basis and amends plans based on the expected growth.

Market and competition

The retail fashion industry and market are subject to changing customer tastes. The Group's performance is dependent upon effectively predicting and quickly responding to changing consumer demands and translating market trends into saleable merchandise. Internet fashion retailing is global and highly competitive. Any failure by Koovs.com to compete effectively with bricks and mortar retailers and other internet retailers may affect the Group's revenue. The Group uses third parties to provide assessments of the developments of fashion in the global markets and designers attend international trade shows to provide direction and inspiration.

Suppliers

The Group makes arrangements with manufacturers for the supply of products designed by the Group. The ability to source products promptly at competitive prices and of an appropriate quality is key to the success of the business and while there is a broad range of potential suppliers and well-developed competition in the market, the Group is dependent on being able to find appropriate manufacturing capability for its products in order to meet delivery, quality and price expectations. The Group uses a broad range of suppliers within the Indian market and also internationally and ensures that there is no concentration of supply. The employment of experienced sourcing experts ensures access to a broad range of manufacturing capability.

Foreign country and political risk

Most of the Group's personnel, operations and other assets including Koovs India's warehouse, all inventory and computer servers are located in India and, consequently, the Group is subject to changes in regulations or market conditions in that country. With the majority of operations located in India, local management maintain close monitoring of local developments and amend plans as necessary.

Financial risks

Interest rate risk

The Group's exposure to interest rate risk arises from the fluctuations in the 3 months sterling LIBOR rate impacting the interest payable on the Convertible Loan Notes (see note 19), and rate of interest income or charges on cash and cash equivalent balances. In the period under review, the Group has operated in a net cash position. UK interest rates

STRATEGIC REPORT

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continue to be very low and therefore the potential adverse interest rate risk in the UK is very low. Interest rates in India are in the region of 7.0% and the majority of the Group's cash is held in Indian Rupees in India. There is therefore a potential adverse interest rate risk affecting the interest income generated in India. No interest rate hedging is in place. The bank deposits are made for a variety of tenures to balance liquidity and security of interest generation.

Currency risk

The Group operates in the United Kingdom and India. Following the acquisition of Koovs India, all revenues and the majority of costs are denominated in Indian Rupees. However, around 30% of the Group's overheads are incurred in Sterling and therefore the Group results are susceptible to fluctuations as a result of changes in exchange rates. No foreign currency hedging is in place to mitigate this risk.

Credit and customer risk

The Group's revenues arise predominately from invoices for goods to a single customer. As Marble is currently the only channel through which Koovs India's products are sold to consumers, the Group's revenue is dependent upon the relationship with Marble and upon the success of Marble in servicing its customers, delivering products as promised, recovering payment from its customers and maintaining high levels of customer service. The Group has considered the credit risk associated with the customer and has assessed the credit worthiness of the customer to be good. The Group minimises the risk through a requirement for prompt, monthly payment of invoices issued to which the customer is committed and has demonstrated consistent adherence.

Liquidity risk

Liquidity risk is managed through the assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of funding in order to meet the Group's working capital requirements. Where a shortfall in funding is identified the Group will look to meet this shortfall though a variety of funding options including but not limited to the issuing of new equity and convertible debt.

Other risks

Technological risks

The Group is dependent on its IT infrastructure and any system performance issues (for example system or infrastructure failure, damage or denial of access) could seriously affect our ability to trade. The infrastructure has been designed specifically for robustness, flexibility and scalability and these objectives form a core part of the IT development strategy.

Warehouse disruption

Any disruption to the Group's warehousing facility due to physical property damage, breakdown in warehouse systems, capacity shortages or poor logistics management could lead to significant operational difficulties in order fulfilment, which may have a consequent adverse effect on the Group's business. The Group has recruited an experienced logistics manager to oversee these operations.

Intellectual property and content liability

The business of the Group carries with it the risk of intellectual property rights infringement. The Group may need to engage in litigation to enforce its intellectual property rights, or to protect itself from third party claims. Our designers are professionally trained to ensure that intellectual property rights are appropriately handled. Competitors' products are regularly monitored and any infringement brought to managements' attention.

Key personnel

The Group depends on the services of its key technical, marketing and management personnel. The Group personnel structure is being developed as the business grows to provide appropriate quality, depth of experience and succession planning.

On behalf of the Board of Directors.

Waheed Alli	**Robert Pursell**
Director	Director
16 July 2019	16 July 2019

BOARD OF DIRECTORS

Lord Alli, aged 54 – Executive Chairman
Waheed founded the Company in 2012. He was previously Chairman of ASOS plc between 2000 and 2012. He has extensive knowledge of international fashion, coupled with a keen eye for innovation. His vision is to develop Koovs.com as the fashion destination of choice in India. Waheed was appointed to the House of Lords in 1998 and is currently Chairman of Silvergate Media Holdings Limited, part of a group of media companies which specialise in children's television, publishing and merchandising.

Nina Amin, aged 61 – Non-executive Director
Nina joined the Board in February 2018. She is currently Head of Asian Markets at KPMG UK and was awarded an MBE in 2013 for services to the Asian Business Community. Nina is a Chartered Accountant and was appointed a Partner at KPMG LLP in 2004. She has more than 25 years of experience in providing commercial, tax and financial advice across a broad range of areas. Nina is also a Vice Chair of the Trustee Board of LEPRA and a Board member of TiE London Ltd, a not for profit organisation supporting entrepreneurs.

Avni Biyani, aged 29 – Non-executive Director
Avni joined the Board on 1 January 2019. Avni is a director of Future Lifestyle Fashions Limited, a significant shareholder in Koovs plc and part of India's largest retail business Future Group. She is also a director of Future Ideas Company Limited, Surplus Finvest Private Limited, Future Capital Investment Private Limited, Hain Future Natural Products Private Limited and Mibelle Future Consumer Products AG. Avni has been closely involved with the conception and launch of Future Group's fashion brands such as Cover Story, and is the founder and concept head of India's pre-eminent gourmet chain Foodhall, which is also part of Future Group.

Baroness Rebuck, DBE, aged 67 – Non-executive Director
Gail joined the Board in 2014. She is a Director and sits on the Global Board of Penguin Random House Publishers and on the Group Management Committee of the Board of Bertelsmann. Gail was Chair and CEO of Random House from 1991-2013 and a Non-Executive Director of BSkyB from 2002-2012. She is currently a Non-Executive Director of the Guardian Media Group where she is the Senior Independent Director. Gail is also Chair of the Royal College of Art taking a particular interest in their fashion department. She was appointed to the House of Lords in 2014.

Emily Sheffield, aged 46 – Non-executive Director
Emily joined the Board in 2014. From 2008 to 2017 she was the Deputy Editor of British Vogue, working on a wide range of projects in the magazine and oversaw all of British Vogue's digital content, including Vogue video and Vogue.co.uk. She also launched and was the editor of Miss Vogue, a biannual magazine and digital brand for teenagers, including film, online and social media. Emily began her career as a journalist at the Guardian newspaper after winning the Guardian student journalism award and then worked for a variety of publications. She was a Consultant Creative Director at Jigsaw and has been attending international fashion shows regularly for over ten years. Emily now works as a fashion and digital creative consultant for global brands as well as taking on a number of public speaking engagements.

Mary Turner, aged 61 – Chief Executive Officer
Mary was appointed Chief Executive in October 2015. She initially joined the Board in July 2014 when she was CEO of AlertMe.com, the technology company behind Hive Smart Home before Alert Me was acquired by British Gas. Mary has over 20 years' experience in the TMT sector and was CEO of broadband company Tiscali UK, leading a series of acquisitions and growing Tiscali to the third largest broadband provider in the UK with over 1.8m customers and revenues of over £600m. In the mid-90's she was part the first cohort to establish consumer ISP services in the UK & Europe with CompuServe/AOL. Mary also has extensive consumer retail experience with senior management roles in sales and marketing at Elizabeth Arden, Avon Cosmetics, Innovations Catalogue and as a Non-executive Director at ASOS, UK's leading online fashion store.

Robert Pursell, aged 47 – Chief Financial Officer
Robert was appointed to the Board on 4 July 2016. Rob previously held the CFO role at Eviivo Limited, a software development business. He qualified with PwC as Chartered Accountant (ICAEW) in 2000, and is a mathematics graduate of Sheffield University.

Anant Nahata, aged 35 – Non-executive Director
Anant resigned from the Board of Directors in December 2018.

CORPORATE GOVERNANCE REPORT

Corporate Governance standards

The Koovs board is committed to maintaining high standards of corporate governance. Following recent changes to AIM Rule 26, AIM quoted companies are required to adopt and give details of the corporate governance code which they have adopted and to show how they are following it. With effect from 28 September 2018, the board has adopted the Quoted Companies Alliance's (QCA) Corporate Governance Code for small and mid-size quoted companies (the "QCA Code").

Of the recognised codes generally adhered to by AIM companies, the QCA Code has been drafted with smaller businesses in mind, with a pragmatic and principles-based approach. It was therefore deemed by the board to be the most suitable.

The adoption of the QCA Code has reinforced the underpinnings of our approach to corporate governance and key principles of the Code have been incorporated into the risk management process.

Solid corporate governance is the foundation on which the business is managed, and this is supported by the range of talents of the directors. Biographies of the directors are presented earlier in our Annual Report and demonstrate a range of experience and calibre to bring the right level of independent judgment to Koovs business. Ensuring financial strength alongside growth objectives is a key guiding principle, supported by an effort to ensure solid communication with shareholders.

The chairman is responsible for leading the board and for its overall effectiveness in directing the group, and for ensuring that the board implements, maintains and communicates effective corporate governance processes and for promoting a culture of openness and debate designed to foster a positive governance culture throughout the group.

The board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can only provide reasonable, but not absolute, assurance against material misstatement or loss. The board believes that the group has internal control systems in place appropriate to the size and nature of its business. The board is satisfied that the scale of the Group's activities do not warrant the establishment of an internal audit function. The board is also responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks.

The QCA Code, which was revised in April 2018 to meet the new AIM requirements, identifies ten principles that focus on the pursuit of medium to long-term value for shareholders without stifling entrepreneurial spirit. Koovs adoption of the QCA principles is summarised in the table below. Further details are made available on our website.

QCA Principle and Koovs adoption

1. **Establish a strategy and business model which promote long-term value for shareholders**

   The Koovs strategy is detailed in its Preliminary Statement and Annual Report both of which are available on its corporate website. The Group does not publish forecasts, but the board of Directors believe that the strategy will generate long term value for shareholders.

2. **Seek to understand and meet shareholder needs and expectations**

   The directors communicate with significant and institutional shareholders on a regular basis. In addition, all shareholders are welcome to attend the Company's Annual General Meeting, where there is an opportunity to question the directors. Communication with shareholders is seen as an important part of the board's responsibilities, and care is taken to ensure that all price-sensitive information is made available to all shareholders at the same time via the London Stock Exchange Regulatory News Service (RNS). Additional information that may be of interest to shareholders, but not required by the AIM rules, is published via RNS Reach. The CFO is responsible for shareholder liaison and can be contacted through the email address

CORPORATE GOVERNANCE REPORT

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company.secretary@koovs.com, published on the Koovs corporate website.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

   All stakeholders' needs and social responsibilities are considered by the board.

   By analysing the key drivers in the business model, the following key resources and relationships have been identified.

   Koovs website and app customers: Feedback is obtained through a combination of customer surveys, social media and analysis of returned products. Because of this feedback several actions have been taken, including but not limited to improving the website and app performance, reducing delivery times and improved order tracking.

   Employees: Feedback is obtained though the annual appraisal processes and regular meetings between employees and members of the HR team. Because of this feedback the Group has introduced more flexible working conditions, an improvement in the office layout and working spaces, and an online leave and work planner.

   Suppliers: Given the most significant suppliers are manufacturers of clothing, the Company ensures that all meet certain compliance conditions. Also, the manufacturers have regular meetings with both the buying and design teams to ensure that compliance and quality is maintained. Because of these meetings, the Group is looking to provide quality control resources to work directly with the manufacturers, so any issues can be identified earlier in the supply chain saving time and cost.

4. **Embed effective risk management, considering both opportunities and threats, throughout the organization**

   The key risks and actions taken to mitigate these risks are identified by the board and are detailed in its Preliminary Statement and Annual Report both of which are available on its corporate website. These, along with potential opportunities, are reviewed regularly by the board. Where a material new risk or opportunity is identified, or an existing risk escalates, the board will communicate and meet outside of the regular board meetings to ensure the required actions are taken and are effective.

5. **Maintain the board as a well-functioning, balanced team led by the chair**

   The board has four non-executive directors with extensive skills and experience. A summary of these skills and experience can be found on the Koovs corporate website. The board of directors meet at least 10 times a year.

6. **Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities**

   The board has an extensive mixture of skills and experience which enable the delivery of the Group's strategy for the shareholders over the medium to long-term. These include cover public market requirements, business acumen, financial knowledge, technology, fashion and ecommerce. Beyond their duties for Koovs all non-executive directors are currently active in their areas of expertise and keep all required skills and knowledge up to date.

7. **Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

   The Board have not adopted a formal performance evaluation process. Given the number of directors, the size of the Group and the levels of experience, skills and knowledge of the directors, the Chairman does not consider a formal process to be required. The Chairman ensures that the board has clear objectives and ensures all directors are actively and effectively contributing in board meetings. Board members are clear on their responsibilities and ultimately will be judged on the performance of the Group.

   Given the tenure and size of the board, the Chairman has determined no formal succession planning is required. When required board appointments are managed by the Chairman and the non-executive directors. Senior management appointments are discussed at the board meetings and are managed by the CEO and CFO with additional support from the Chairman and non-executive directors where appropriate.

CORPORATE GOVERNANCE REPORT

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8. **Promote a corporate culture that is based on ethical values and behaviours**

   Upon joining the Group, employees receive an employee handbook which contains the Company's code of conduct and ethics. This includes example behaviours that are considered unacceptable by the Group. The new employee will also have a meeting with a member of the HR team to go through the handbook and ensure the cultural values of the company are understood.

9. **Maintain governance structures and processes that are fit for purpose and support good decision-making by the board**

   Formal board meetings are held quarterly to review strategy, management, and performance of the Group, with additional meetings between those dates convened as necessary. In addition, the Audit Committee meets at least twice a year. The terms of reference of the Audit Committee are available on the Group's corporate website.

10. **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

    The results of any general meetings are released though RNS and made available on the Group Website as soon as practically possible. If more than 20% of independent votes cast were against a resolution proposed by the board of Directors, the Group would disclose this on the Group website along with any actions it will be taking. To date there has been no such vote. The Annual Reports and notice of all general meetings since 2014, when the company listed, are available on the Group's corporate website.

Independence of Directors

Based on the Quoted Companies Alliance Code, the following interests have an impact on the independence of the directors:

Waheed Alli, Executive Chairman, is interested, both personally and through Silvergate Investments Limited, in a substantial portion of the share capital of Koovs plc. The Board believes that Waheed Alli's appointment as Executive Chairman benefits the Group given that he is the founder of the Company and his knowledge of the fashion business is important to the future development of Koovs.

Emily Sheffield, Non-executive Director, has been granted share options and provides fashion consultancy services to the Group, further details of which are set out in the Directors' Remuneration Report.

Gail Rebuck DBE, has also been granted share options.

Avni Biyani, Non-executive Director, is also a Director of Future Lifestyle Fashions Limited, a substantial shareholder.

Further details of share options granted to Directors is given in the Directors' Remuneration Report.

Board composition

The Board of Directors at the date of this report comprises three Executive Directors and four Non-executive Directors.

During the year to 31 March 2019 there were 14 Board meetings. The Directors' attendance at those meetings was:

Name	Board meetings attended
Waheed Alli	14
Nina Amin	14
Avni Biyani	3
Anant Nahata	7
Gail Rebuck	13
Emily Sheffield	13
Mary Turner	14
Robert Pursell	14

The Company's Articles of Association give power to the Board to appoint Directors but require Directors to submit themselves for election at the first AGM following their appointment. Further, at least one third (rounded down to the nearest whole number) of the Directors in office are required to retire annually. All Directors are required to retire and, if appropriate, offer themselves for re-election every three years. All directors will retire at the Annual General Meeting and will offer themselves for re-election.

The Board reserves to itself certain key matters to approve or monitor on behalf of the shareholders including the strategic direction, development and control of the Group.

CORPORATE GOVERNANCE REPORT

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It approves strategic plans and annual capital and revenue budgets. It reviews significant investment proposals and the performance of past investments and maintains an overview and control of the Group's operating and financial performance. It monitors the Group's overall system of internal controls, governance and compliance and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

The Board delegates responsibility for the day-to-day operation of the business to the Executive Directors within the framework of agreed prudent and effective controls.

The Directors comply, and procure compliance with Rule 21 of the AIM Rules for Companies relating to dealings by directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

All Directors are briefed by the use of comprehensive papers circulated in advance of Board meetings and by presentations at the meetings in addition to receiving minutes of previous meetings. The training needs of Directors are formally considered on an annual basis and are also monitored throughout the year with appropriate training being provided if required.

Any member of the Board may take independent professional advice at the Company's expense. All Directors have access to the advice and services of the Company Secretary.

The Company Secretary's responsibilities include ensuring good information flows to the Board and between senior management and the Non-executive Directors. The appointment and removal of the Company Secretary is a matter reserved for the Board. The Company Secretary is responsible, through the Chairman, for advising the Board on all corporate governance matters and for assisting the Directors with their professional development.

All Directors of the Company are covered by a comprehensive Directors and Officers insurance policy.

Board committees

The Audit Committee will have primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It will receive and review reports from the Company's management and auditors relating to the interim and annual financial statements and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company's auditors.

Membership of the Audit Committee consists of Nina Amin (Chair) and Gail Rebuck.

The Board has concluded that with the limited number of Non-executive Directors, it would be ineffective to appoint other sub-committees for delegated responsibilities. Until such time as further Non-executive Directors are recruited and the Remuneration and Nomination committees are convened, the full Board takes responsibility for the matters which will in due course be considered by these committees.

The Remuneration Committee will review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee will also make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The remuneration and terms and conditions of appointment of the Non-Executive Directors of the Company will be set by the Board.

The Nomination Committee will be responsible for ensuring that the Board has a formal and transparent appointment procedure and will have primary responsibility for reviewing the balance and effectiveness of the Board and identifying the skills needed on the Board and those individuals who might best provide them.

Codes of conduct

The Board has adopted a Code of Business Conduct and Ethics for its Board and Senior Management Personnel in order ensure adoption and maintenance of appropriate standards within the business. Further, the Board has adopted Anti-bribery and Whistleblower policies.

CORPORATE GOVERNANCE REPORT

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Internal control and risk management

The Board recognises the importance of robust procedures for identifying, evaluating and managing significant risks faced by the Group and is committed to ensuring that appropriate procedures are in place.

The culture and size of the business results in the Executive Directors being closely involved in managing the business at a detailed level. This provides a high degree of direct monitoring of risks and control processes, conducted against the background of a culture of integrity, quality and high levels of communication.

This is supported by reviews of weekly and monthly detailed analyses of the performance of the business, the key performance indicators associated with the trading risks facing the Group and the detailed operational results.

Tax

Board level oversight of tax matters is part of the Group's tax risk governance process. All significant tax matters are reported to the Board by the CFO.

By order of the Board

Nina Amin
Chair of Audit Committee
16 July 2019

DIRECTORS' REMUNERATION REPORT

This report is presented by the Board of Directors. All the duties of the Remuneration Committee discussed below are conducted by the Board until such time as the committee is convened. Although not required to do so by Company law, the Directors of the company have opted to include certain disclosures in relation to the remuneration of the Directors of the company as set out below.

Directors' remuneration policy

Framework

The Board's policy objective on directors' remuneration is to align executive directors' remuneration packages to support the Group's core business strategy while ensuring that rewards are competitive in the market. In the early stages of the development of the company, the remuneration packages have been limited to basic salary, insurance benefits, pension contributions and limited share option grants. The Board recognises that further elements of remuneration may be appropriate and also expects to grant further share option awards. Once convened, the Remuneration Committee will consider the policy and framework further and will make proposals for the approval of members at an appropriate General Meeting.

Remuneration policy table, executive directors

The table below summarises the existing remuneration policy for executive directors:

Component of remuneration package, purpose and link to strategy	Operation	Framework used to assess performance and provisions for the recovery of sums paid
Basic Salary		
The level of basic salary is set with the purpose of attracting and retaining individuals with the appropriate knowledge, skills and experience to lead the Group.	Salaries are reviewed annually and fixed for 12 months from 1 April. Salaries are paid monthly in arrears in cash.	In setting salary levels the Board considered each director's skills and experience and took account of relevant comparators within companies in a similar sector.
There are no proposed salary increases for any executive directors.		
Benefits		
The level of benefits is set with the purpose of attracting and retaining individuals with the appropriate knowledge, skills and experience to lead the Group.	M Turner, R Pursell and receive private health insurance for themselves and their family and income protection insurance.	The value of private health insurance is dependent on the individual's circumstances.
Directors may not elect to receive cash allowances in place of these benefits.		
Pensions		
Pension arrangements help recruit and retain key executives and reward their on-going contribution during their career with the business.	R Pursell received a pension contribution equivalent to 3% of his salary	Legal requirement under Workplace Pension Scheme
Share options		
Share option awards are designed to incentivise executive performance over the longer term and encourage retention of executives over the performance period.	Key Management personnel have been granted share options in FY 19.	Under normal circumstances the options are capable of exercise only after expiry of three to five years from the grant date.

DIRECTORS' REMUNERATION REPORT

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Changes to executive remuneration

There were no changes to executive remuneration during the period

Ms Turner has voluntarily waived £200,000 of her salary, Waheed Alli voluntarily waived his entitlement to his salary and Anant Nahata voluntarily waived £50,000 of his salary. The full salaries will be reinstated at the request of the individuals.

Recruitment remuneration

The remuneration package for a newly recruited executive director will be determined by the remuneration committee once it is constituted using the approved remuneration policy. The Board reserves the discretion to depart from the policy where necessary due to significantly unusual circumstances.

Loss of office

The entitlement of a director can depend on whether the director is designated as a "good leaver". A leaver is defined as a "good leaver" where the reason for leaving is retirement, ill health, disability or redundancy. A leaver who resigns voluntarily is not defined as a "good leaver" unless so designated by the Board.

The Company's policy is for all executive directors to have contracts of service with a rolling notice period of 6 months by either party. Payments on termination are restricted to the value of salary for the notice period payable on termination by the Company.

Shares options will lapse on the date of termination of employment except that a director who was in office for the whole of the performance period will receive the share options at the same vesting date as would be the case if the director had not left provided the termination was not for cause. "Good leavers" who leave in the course of a performance period will be entitled to a pro rata vesting of share options for the period worked as a proportion of the respective performance period, such awards to vest at the same date as would be the case if the director had not left.

Other appointments

The executive directors are permitted to serve as Non-executive Directors of other companies provided that their appointment is first approved by the remuneration committee or the Board. Directors are allowed to retain their fees for such appointments.

DIRECTORS' REMUNERATION REPORT

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Non-executive Directors

The remuneration policy for Non-executive Directors is set out in the table below.

Component of remuneration package, purpose and link to strategy	Operation
Fees	
The basic fee is a fixed annual fee commensurate with the time each director is expected to spend on the Company's affairs and with the responsibility assumed as director of the company.	The remuneration of the Non-executive Directors comprises an annual fee set annually by the board. There are no separate travel and attendance allowances nor additional fees in relation to committee membership.
Fees are set at a level to attract and retain individuals with appropriate expertise by reference to similar companies.	The current annual fee is set at £50,000. A Nahata's fee is £100,000 of which he has waived 50% since 1 October 2015.
Share options	
Share options are granted to Non-executive Directors at the discretion of the Board of directors. Share option awards are designed to incentivise performance over the longer term and encourage retention of directors over the performance period.	Share options were granted during FY19
Consultancy	
Consultancy contracts may be considered in areas where the Non-executive Director has specific expertise.	E Sheffield is retained under a consultancy contract to supply guidance and insight into emerging fashion trends.

Each of the Non-executive Directors has a letter of appointment. These letters are dated 5 February 2014 in the case of A Nahata and G Rebuck, 11 December 2013 in the case of E Sheffield, 1 February 2018 in the case of N Amin and 13 December 2018 in the case of Avni Biyani. The letters of appointment allow for an initial period of three years and may be terminated by the company or the director on three months' notice.

New non-executive appointments

The same principles as above will be applied in setting the remuneration of any new Non-executive Director. Remuneration will comprise fees, paid at prevailing rates for the existing Non-executive Directors, and the grant of share options at the discretion of the Board of Directors.

Retirement and re-election of directors

All directors are required, under the Articles of Association, to be elected by the shareholders at the AGM following appointment and to retire and be subject to re-election at the AGM at intervals of not more than three years. Non-executive directors who have served for more than nine years are subject to annual re-election.

Statement of consideration of employment conditions elsewhere in the Group and others' views

The majority of the Group's employees are based in the Republic of India where remuneration levels are significantly different to those in the UK. In setting directors' remuneration, consideration is given to pay and employment conditions of employees of the Company and policies throughout the Group. The Company has not formally consulted with employees when drawing up the directors' remuneration policy nor has it had any input from shareholders, although any such input would be taken seriously.

Total level of expenditure on employees

The following table sets out details of the remuneration paid to all employees of the Group. Further details are shown in Note 6.

	Year to 31 March 2019 INRm	Year to 31 March 2018 INRm
Remuneration to all Group employees	372.0	337.2

DIRECTORS' REMUNERATION REPORT

CONTINUED

Annual Report on Remuneration

Remuneration table

The Directors' remuneration is denominated and paid in Sterling and therefore the information in the following table is shown in Sterling and translated to Rupees at the average rate for the period.

Year to 31 March 2019 *Executive Directors*	Period in office	Salary £	Health insurance £	Pension £	Consultancy £	Total £	**Year to 31 March 2018 £**
Waheed Alli	12 months	–	–	–	–	–	**–**
Robert Bready	0 Months	–	–	–	–	–	**77,571**
Robert Pursell	12 Months	175,000	2,733	3,500	–	181,233	**178,717**
Mary Turner	12 months	50,000	5,918	–	–	55,918	**54,946**
Total		**225,000**	**8,651**	**3,500**	**–**	**237,151**	**311,234**

Year to 31 March 2019 *Non-executive Directors*	Period in office	Salary £	Health insurance £	Pension £	Consultancy £	Total £	**Year to 31 March 2018 £**
Nina Amin	12 months	50,000	–	–	–	50,000	**8,333**
Anant Nahata	9 months	35,064	–	–	–	35,064	**50,000**
Gail Rebuck	12 months	50,000	–	–	–	50,000	**50,000**
Emily Sheffield	12 months	50,000	–	–	25,000	75,000	**75,000**
Avni Biyani	3 months	–	–	–	–	–	**–**
Total		**185,064**	**–**	**–**	**25,000**	**210,064**	**183,333**
Total		**410,064**	**8,651**	**3,500**	**25,000**	**447,215**	**494,568**
Total: INR						**41,047,819**	**42,314,577**

Mary Turner is the Chief Executive Officer. There was no structured variable element of remuneration for any director during the period.

Waheed Alli has voluntarily waived his entitlement to his salary and Mary Turner voluntarily waived £200,000 of her salary. The full salaries will be reinstated at the request of the individuals. The table above shows the salaries actually paid, having been reduced by the waivers noted above.

Directors' beneficial interest in shares	At 12 July 2019 Ordinary shares	At 31 March 2019 Ordinary shares
Chairman		
Waheed Alli	43,699,218	43,699,218
Executive Directors		
Mary Turner	270,270	270,270
Non-executive Directors		
Anant Nahata (resigned in December 2018)	12,109,688	12,109,688
Gail Rebuck	1,100,000	1,100,000
Nina Amin (appointed in February 2018)	1,000,000	200,000
Emily Sheffield	66,667	66,667

DIRECTORS' REMUNERATION REPORT

CONTINUED

No other directors had any beneficial interest in shares in the Company at 31 March 2019 or on their date of appointment other than the share options disclosed below. The Board has not set any guidelines for directors to own shares in the Company.

Interests in options	Date of grant	Exercise price	**No. at 31 March 2019**
Executive Directors			
M Turner	1 July 2017	53.5p	**7,428,111**
M Turner	18 July 2018	17.7p	**12,783,322**
R Pursell	4 July 2017	53.5p	**2,189,181**
R Pursell	18 July 2018	17.7p	**3,835,000**
Non-executive Directors			
G Rebuck	1 July 2017	53.5p	**374,210**
G Rebuck	18 July 2018	17.7p	**639,166**
E Sheffield	1 July 2017	53.5p	**374,210**
E Sheffield	18 July 2018	17.7p	**639,166**
N Amin	18 July 2018	17.7p	**639,166**

The options issued to R Pursell and M Turner have been issued under the Koovs plc Unapproved Share Option Plan. The options issued to the Non-executive Directors were made by way of separate deeds of option on terms equivalent to the Unapproved Share Option Scheme. The options issued in July 2017 may be exercised between 5 years and 10 years following date of grant, the options issued in July 2018 may be exercised between 3 and 8 years. During the period the Company's share price varied between 5.65 pence and 24.25 pence.

By order of the Board

Robert Pursell
Director
16 July 2019

DIRECTORS' REPORT

The Directors of Koovs plc, (registered in England & Wales number 08166410, "the Company") present their report together with the audited financial statements of Koovs plc and its subsidiary ("the Group") for the year ended 31 March 2019. The purpose of the report is to provide information to members of the Company.

The report contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty since future events and circumstances can cause results to differ from those anticipated. Nothing in this report should be construed as a profit forecast.

Composition of the Group and principal activities

The Koovs Group comprises Koovs plc and its subsidiary Koovs Marketing Consulting Private Ltd ("Koovs India").

The Group's principal activity is that of supplying branded fashion garments and accessories for sale by a third party through a branded website principally in the Republic of India.

Business Review

The Companies Act 2006 requires the Company to set out in this report a fair review of the business of the Group during the period under review including an analysis of the position of the Group at the end of the financial period. The information that fulfils these requirements can be found in the following sections of the report which are incorporated into this report by reference:

- Chairman's Statement
- Strategic Report

This Directors' report (together with the sections of the report incorporated by reference) has been drawn up and presented in accordance with, and reliant upon, applicable English law and the liabilities of the directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Funding and Going Concern

Koovs' ('the Group') business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements, in particular in the consolidated cash flow statement and in Note 19 (convertible loan notes).

These financial statements have been prepared on the going concern basis.

In assessing the Group's going concern position, which foresees that the Group will be able to meet its liabilities as they fall due. However, the success of the business remains reliant on the Group achieving an adequate level of sales, driven by an appropriate level of marketing spend. During the next 12 months forecast level of costs will be unlikely to be covered by the gross profit generated from sales. As such there is a risk that the Group's working capital may prove insufficient to cover such operating activities. In such circumstances, the Group could be obliged to seek additional funding through a placement of shares or source other funding. In the absence of additional funding the Group has the ability to reduce costs to ensure that existing cash resources, together with the funding described below, are sufficient to enable the Group to meet its liabilities for a minimum of 12 months from the date of this report.

Furthermore, the Group is also dependent on the Group's convertible loan notes not being redeemed, without being replaced by an alternative form of funding – either fresh debt or equity. The terms of this instrument, are set out in Note 19 to the financial statements, noting that they have recently been extended until February 2021. As the majority holder of the notes, the Chairman of the Group, has the right to demand repayment at any time during this term. Whilst not legally binding, the directors have received confirmation from the Chairman that he does not intend to seek their repayment for at least 12 months from the approval of these financial statements.

It should be noted that since 31 March 2019, the Group has received £3.7m (approximately INR333.5m) of strategic investment from Future Lifestyle Fashions Limited (FLFL) for 45,839,063 new ordinary shares ("First Tranche").

DIRECTORS' REPORT

CONTINUED

An additional investment from FLFL of £6.8m (approximately INR612.9m), the ("Second Tranche"), for 24,010,937 compulsorily convertible preference shares instruments (CCPSs) has also been subscribed for subject to receipt of funds, which is expected to occur in several stages within the calendar year. These are convertible on the first anniversary of issue (or at the option of FLFL at an earlier date) into 24,010,938 new Ordinary Shares. The implied investment price is approximately 28.36p per new Ordinary Share, which when combined with the investment into the "First Tranche" shares implies a blended investment price by FLFL for the full investment of approximately £10.5m of 15p per new Ordinary Share. This investment was conditional on the directors receiving the authority from shareholders to issue the CCPS, and this authority was granted at the EGM held on 25th June 2019.

With the funding described above, and the Group's ability to control costs and marketing spend, the directors consider that the cash resources at the date of this report are sufficient to support the operations of the Group for a minimum of 12 months from the date of this report.

Results and dividend

The results for the year ended 31 March 2019 after taxation, was a loss of INR1,423.1million/£15,506k (2018: loss of INR1,312.2million/£15,337k). The Directors have not recommended payment of a dividend in the current period (2018: £Nil). Given the Company's early stage of development, the Directors do not envisage that the Company will pay dividends in the foreseeable future.

Future developments

With the additional funding raise the Group is now in a position to increase spending on marketing and product to increase sales, expand the product choice offered to our customers and continue to increase brand awareness. Additionally, the Group will continue working with Future Lifestyle Fashions Ltd (part of the Future Group) to look at how the companies can further work together to further increase sales, margins and enhance the existing operations.

Post balance sheet events

The Company announced on the 7 May 2019 the further investment from FLFL of £10.5m, £3.7m of which was to be issued through ordinary shares and the balance through an issue of compulsory convertible preference shares, conditional on shareholder approval. The following shares were issued on 30 May 2019 following receipt of the funding.

	Class of Share	Shares	Issue price	Proceeds £	Nominal value £	Share premium £
30 May 2019	Ordinary	45,839,063	8p	3,667,125	458,391	3,208,734
Total, INRm				**336.6**	**42.1**	**294.6**

Further to the above, at a General meeting of the Company held on the 25 June 2019 the directors received the authority to issue 24,010,937 compulsory convertible preference shares at an issue price of 28.36p with a nominal value of 1.00p per share. Once the necessary funds are received the compulsory convertible preference shares will be issued.

The preference shares have the following terms

- 0.01% coupon rate
- Non-voting
- Compulsory conversion to Ordinary 1p shares 12 months after issue

Directors of the Company

The current Directors are shown on Page 1 with biographies on Page 19.

DIRECTORS' REPORT

CONTINUED

Committees of the Board

The Board has established an Audit committee with Nina Amin (Chair) and Gail Rebuck as members.

The Remuneration and Nomination committees will be established in due course, until such time the full Board takes responsibility for the matters which in due course will be considered by the committees

The terms of reference of these committees are available on the Group's corporate website.

Significant shareholders

As at 16 July 2019 the Company has been notified of the following shareholders who were interested in the issued share capital of the Company:

Shareholder	Shares	Proportion of issued share capital
Future Lifestyle Fashions Ltd	103,715,663	25.8%
HT Media Ltd	45,874,197	11.4%
Lord Alli	43,699,218	10.9%
Dragon Asia Pvt Ltd	28,500,000	7.1%
Michinoko Limited	19,617,805	4.9%
Anant Nahata	12,109,688	3.0%

Avni Biyani, Non-executive Director, has interest in the following shareholdings of Koovs plc:

Shareholder	Nature of interest	Shares	Proportion of issued share capital
Future Lifestyle Fashions Limited	Director of Shareholder	103,715,663	25.8%

Capital management

The primary objective of the Group and Company's capital management policy is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders over the longer term.

The Group operates with cash balances derived from equity investment and convertible loan notes. During this period of initial investment in the business, the Group manages its capital by monitoring net cash balances and through the use of detailed funds flow forecasts. The cash resources are managed in the light of changes in trading conditions and expectations over the medium term. In order to maintain or adjust the capital structure, the Group may amend expenditure budgets, issue new shares or loan notes or seek short-term bank funding. As described in the Strategic Report, the Board has achieved additional equity funding to support its operational plans and expects to raise further funding in due course.

No changes were made in the capital management objectives or policies during the year.

Directors' powers to issue shares

At the General Meeting of the Company on 25 June 2019, the Directors were authorised to issue and allot new ordinary shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £1,326,399.87, all on a non-pre-emptive basis. The authority represents 33% of the share capital of the Company (on a fully diluted basis) as at 12 July 2019 (being the latest practicable date prior to the date of this report).

Financial instruments

The Group finances its activities with cash generated from equity investment from shareholders, convertible loan notes and from trading. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities. In relation to our financial risk management objectives and policies and the extent of price, credit, liquidity and cash flow risk, refer to Note 24 in the financial statements.

Employee involvement

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the period, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Group, has been enacted through staff meetings in which employees have also been encouraged to present their suggestions and views on the Group's performance. These meetings are held between management and employees regularly to allow a free flow of information and ideas. The Group operates a share option scheme which extends to a range of management positions.

DIRECTORS' REPORT

CONTINUED

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' liabilities

At the date of signing these financial statements, the Company does not have any indemnity provisions to or in favour of one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006.

Auditors

A resolution to reappoint BDO LLP as auditors will be put to the members at the Annual General Meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' Report are listed on Page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

to the best of each director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Company's auditors are unaware; and

each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

Robert Pursell
Director
16 July 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Reports and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. Under that law, and as required by the AIM Rules of the London Stock Exchange, the directors have elected to prepare Group and Parent Company financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Company Law the directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM. In preparing the Group and Parent Company financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and Parent Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the company's financial position and financial performance;
- prepare the Group and Company financial statements on the going concern basis unless it is inappropriate to presume that the Group or Company will continue in business; and
- state whether the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the Group and Parent Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOOVS PLC

Opinion

We have audited the financial statements of Koovs plc (the 'parent company') and its subsidiary (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated and company statement of cashflows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainly related to going concern

We draw attention to note 2.4 in the financial statements which indicates that the group remains reliant on achieving adequate level of sales, driven by an appropriate level of marketing in order to maintain sufficient working capital to support its activities and is reliant on the unsecured convertible loan notes not being called in to enable it to continue as a going concern.

These events or conditions, along with the other matters as set forth in note 2.4, indicate the existence of a material uncertainty that may cast significant doubt about the parent company and group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The calculations supporting the going concern assessment require management to make highly subjective judgements. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.

Our audit procedures included the following:

- reviewing management's assessment of going concern through analysis of the group's cash flow forecast and other projections for 12 months from the date of approval of the annual report, including assessing and challenging the assumptions used through discussions with management and comparison against post year-end results to date and performing sensitivity analysis, specifically related to revenue, marketing and other costs, to consider cash flow changes if the level of marketing spend, and therefore revenues were to reduce;
- reviewing the terms of the group's existing financing, finance raised post year end and plans for future fund raising;
- reviewing post-balance sheet events, specifically the cash flow position against budgeted performance; and
- considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOOVS PLC CONTINUED

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we address the matter in our audit
Impairment review of goodwill (note 11 and 2.5b) and the company investment value (note 13 and 2.5b) The goodwill balance of INR 621.2m is not amortised but it is subject to an annual impairment test. The goodwill relates entirely to the group's Indian subsidiary, Koovs Marketing Consulting Pvt. Ltd. The recoverable amount of the asset has been assessed using value in use method (discounted cashflow projections). The directors' have also used the same value in use calculation to assess the recoverability of the investment in Koovs Marketing Consulting Pvt Ltd carried on the parent company balance sheet (£75,521k). There is significant judgement involved in the estimation of both of the balances referred to above, and as such we considered these to be a key audit matter.	Our procedures included agreement of the cashflows used within the value in use model to the board approved forecasts for the Koovs plc group. We reviewed and challenged the assumptions underpinning the forecasts and the other inputs into the value in use model. This included a recalculation of the discount rate applied (18.9%) to confirm it is within an acceptable range and consideration of the suitability of the long term growth rate applied (8%). Furthermore, sensitivity analysis was performed, to assess whether a change in assumptions would result in an impairment. Based on our procedures we did not consider the assumptions applied within the discounted cashflow model to be inappropriate.
Inventory provisioning (note 15 and 2.5b) The group make a provision for obsolete, slow moving or defective items where it is anticipated the sales price of the inventory will be lower than the cost price. Owing to the material nature of the balance and the level of management judgement required in the assessment of the provision this was considered to be a key audit matter.	BDO confirmed application of the age provision in line with the group's policy and noted no change in the policy in the current year versus the previous year. The adequacy of the prior year inventory provision was checked with reference to its utilisation during the year ended 31 March 2019. This procedure indicated that the prior year provision was not materially misstated. To test the accuracy of the provision applied to FY19 closing inventory balances BDO used post year end sales data coupled with data from the current and previous financial years to develop expectations around sell through of inventory and discounts provided. These expectations were then applied to the closing inventory balance, the provision recalculated and compared to that provided by the group with no material difference resulting. Our work did not identify any indicators that the inventory provision assessed by management was inappropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOOVS PLC CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined materiality for the financial statements as a whole to be £96,000 (2018 - £95,000) which represents 1.5% of revenue (2018 – 1.5% revenue).

We used revenue as a benchmark as whilst the business is still loss making and in a growth phase this is a primary KPI used to address the performance of the business by the Board and considered to be of most interest to the users of the financial statements.

Materiality for the parent company was capped at 90% of the group materiality and set at 86,000 (2018 - £85,000). Component materiality was set as £86,000 (2018 - £85,000).

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% (2018 – 75%) of materiality. In setting the level of performance materiality we considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.

We agreed with the Audit Committee that misstatements in excess of £5,000 (2018: £5,000), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

Classification of components

The group has one wholly owned subsidiary, Koovs Marketing Consulting Pvt Ltd's, which is based in India and is a significant component. BDO India were engaged as both local statutory auditor and component auditor. We instructed BDO India as to the scope and timing of their audit work, we met with the audit team at their office to review their audit documentation, their findings and confirm that the risks and key areas of focus had been appropriately scoped and that the responses to these risks had been appropriately responded to. Furthermore, we visited the group's Indian facility to meet local management, to obtain a full and direct understanding of the operational activities and also attended the audit clearance meeting.

We carried out a full scope audit of the UK parent company, and this audit along with the audit of the consolidation was completed by BDO LLP in the UK.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOOVS PLC CONTINUED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOOVS PLC CONTINUED

members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Iain Henderson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
16 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR TO 31 MARCH 2019

				MEMORANDUM	
Notes		**Year to 31 March 2019 INRm**	Year to 31 March 2018 INRm	**Year to 31 March 2019 £000**	Year to 31 March 2018 £000
3	**Revenue**	**589.9**	543.2	**6,427**	6,350
	Cost of sales	**(638.7)**	(690.2)	**(6,959)**	(8,068)
	Gross loss	**(48.8)**	(147.0)	**(532)**	(1,718)
	Operating expenses	**(1,232.7)**	(1,100.0)	**(13,431)**	(12,857)
4	**Operating loss**	**(1,281.5)**	(1,247.0)	**(13,963)**	(14,575)
7	Finance income	**25.8**	18.8	**281**	220
7	Finance expense	**(167.4)**	(84.0)	**(1,824)**	(982)
	Loss for the year before tax	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
8	Tax expense	**–**	–	**–**	–
	Loss for the year	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
	Loss attributable to:				
	Equity holders of the Company	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
	Loss for the year	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
	Loss per share				
10	Basic and diluted loss per share	**INR(4.9)**	INR(7.5)	**(5.3)p**	(8.3)p

The accompanying Notes are an integral part of the Consolidated Statement of Comprehensive Income.
All results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR TO 31 MARCH 2019

			MEMORANDUM	
	Year to 31 March 2019 INRm	Year to 31 March 2018 INRm	**Year to 31 March 2019 £000**	Year to 31 March 2018 £000
Loss for the year	(1,423.1)	(1,312.2)	(15,506)	(15,337)
Other comprehensive profit or loss				
Items that may be reclassified to Income Statement in subsequent periods:				
Currency translation differences from operations denominated in currencies other than Rupee – equity holders of the parent, net of tax	**44.1**	(30.5)	**480**	(356)
Other comprehensive profit or (loss), net of tax	**44.1**	(30.5)	**480**	(356)
Total comprehensive loss for the year	**(1,379.0)**	(1,342.7)	**(15,026)**	(15,693)
Total comprehensive loss attributable to:				
Equity holders of the Company	**(1,379.0)**	(1,342.7)	**(15,026)**	(15,693)
Total income and expense recognised in the year	**(1,379.0)**	(1,342.7)	**(15,026)**	(15,693)

The accompanying Notes are an integral part of the Consolidated Statement of Comprehensive Income.
All results relate to continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

COMPANY N° 08166410

Notes		Year to 31 March 2019 INRm	Year to 31 March 2018 INRm	MEMORANDUM Year to 31 March 2019 £000	Year to 31 March 2018 £000
	Non-current assets				
11	Intangible assets	**626.4**	627.5	**6,950**	6,866
12	Property, plant and equipment	**22.9**	23.8	**254**	260
14	Non-current financial assets	**8.0**	6.8	**88**	75
	Total non-current assets	**657.3**	658.1	**7,292**	7,201
	Current assets				
15	Inventories	**213.1**	140.3	**2,364**	1,536
16	Trade receivables, other receivables, prepayments and other assets	**1,037.0**	632.7	**11,506**	6,922
17	Bank deposits	**428.5**	211.5	**4,754**	2,314
17	Cash and cash equivalents	**338.0**	86.8	**3,750**	949
	Total current assets	**2,016.6**	1,071.3	**22,374**	11,721
	Total assets	**2,673.9**	1,729.4	**29,666**	18,922
	Non-current liabilities				
19	Loans and Borrowings	**–**	(708.2)	**–**	(7,748)
18	Other Long-term liabilities	**(9.3)**	(7.9)	**(103)**	(86)
	Total non-current liabilities	**(9.3)**	(716.1)	**(103)**	(7,834)
	Current liabilities				
21	Short-term borrowings	**(27.3)**	(52.2)	**(303)**	(572)
19	Loans and Borrowings	**(849.0)**	–	**(9,419)**	–
22	Trade and other payables	**(456.5)**	(244.9)	**(5,065)**	(2,680)
	Total current liabilities	**(1,332.8)**	(297.1)	**(14,787)**	(3,252)
	Total liabilities	**(1,342.1)**	(1,013.2)	**(14,890)**	(11,085)
	NET ASSETS	**1,331.8**	716.2	**14,776**	7,837
	Capital and reserves				
26	Equity share capital	**332.6**	168.0	**3,690**	1,838
27	Share premium reserve	**7,942.8**	6,196.6	**88,127**	67,799
19	Convertible debt option reserve	**180.5**	180.5	**2,003**	1,975
	Other reserves	**139.0**	11.2	**1,543**	123
	Retained earnings	**(7,263.1)**	(5,840.1)	**(80,587)**	(63,898)
	Non-controlling interest	**–**	–	**–**	–
	TOTAL EQUITY	**1,331.8**	716.2	**14,776**	7,837

The accompanying Notes are an integral part of the Consolidated Statement of Financial Position.

Waheed Alli
Director
16 July 2019

Robert Pursell
Director
16 July 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR TO 31 MARCH 2019

Notes		Equity share capital INRm	Share premium reserve INRm	Converti-ble debt option reserve INRm	Share based payment reserve INRm	Currency transla-tion reserve INRm	Total other reserves INRm	Retained earnings INRm	**Total INRm**	**Total equity INRm**
				Attributable to the equity holders of the Parent						
	At 31 March 2017	168.0	6,196.6	–	38.9	(46.8)	(7.9)	(4,527.8)	**1,828.8**	**1,828.8**
	Loss for the year	–	–	–	–	–	–	(1,312.2)	**(1,312.2)**	**(1,312.2)**
	Other comprehensive loss	–	–	–	–	(30.5)	(30.5)	–	**(30.5)**	**(30.5)**
	Total comprehensive loss	–	–	–	–	–	(30.5)	(1,312.2)	**(1,342.7)**	**(1,342.7)**
	Share based payments re-serve	–	–	–	49.5	–	49.5	–	**49.5**	**49.5**
	Convertible debt option re-serve	–	–	180.5	–	–	–	–	**180.5**	**180.5**
	At 31 March 2018	168.0	6,196.6	180.5	88.4	(77.3)	11.1	(5,840.0)	**716.2**	**716.2**
	Loss for the year	–	–	–	–	–	–	(1,423.1)	**(1,423.1)**	**(1,423.1)**
	Other comprehensive profit	–	–	–	–	44.1	44.1	–	**44.1**	**44.1**
	Total comprehensive profit or (loss)	–	–	–	–	–	44.1	(1,423.1)	**(1,379.0)**	**(1,379.0)**
26	Equity issue	164.6	1,840.5	–	–	–	–	–	**2,005.1**	**2,005.1**
26	Cost of equity issue	–	(94.3)	–	–	–	–	–	**(94.3)**	**(94.3)**
	Share based payments re-serve	–	–	–	83.8	–	83.8	–	**83.8**	**83.8**
	At 31 March 2019	332.6	7,942.8	180.5	172.2	(33.2)	139.0	(7,263.1)	**1,331.8**	**1,331.8**
	MEMORANDUM	£000	£000	£000	£000	£000	£000	£000	**£000**	**£000**
	At 31 March 2019	3,690	88,127	2,003	1,911	(368)	1,543	(80,587)	**14,776**	**14,776**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR TO 31 MARCH 2019

Notes		Year to 31 March 2019 INRm	Year to 31 March 2018 INRm	MEMORANDUM Year to 31 March 2019 £000	Year to 31 March 2018 £000
	Operating activities				
	Loss for the year	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
	Adjustments to reconcile loss for the year to net cash flow from operating activities				
11,12	Depreciation and amortisation	**12.9**	11.3	**141**	132
28	Share based payment	**85.3**	52.9	**930**	619
	Bad debt expense	**5.1**	13.6	**55**	159
7	Interest income and finance expense	**141.6**	65.2	**1,543**	762
	Working capital adjustments:				
15	(Increase)/decrease in inventories	**(72.7)**	47.6	**(792)**	556
16	(Increase)/decrease in trade and other receivables	**(404.3)**	78.1	**(4,405)**	913
22	Increase/(decrease) in trade and other payables	**211.6**	(147.7)	**2,305**	(1,726)
	Net cash outflow from operating activities	**(1,443.6)**	(1,191.2)	**(15,729)**	(13,922)
	Investing activities				
17	Withdrawals/(deposits): original maturity greater than 12m	**1.4**	(3.8)	**15**	(44)
17	(Deposits)/withdrawals: original maturity less than 12m	**(217.0)**	234.0	**(2,364)**	2,735
12	Purchase of non-current assets	**(9.2)**	(19.9)	**(100)**	(233)
7	Interest income received	**25.8**	18.8	**281**	220
	Net cash flow generated (used in)/from investing activities	**(199.0)**	229.1	**(2,168)**	2,678
	Financing activities				
26	Proceeds from issue of shares	**2,005.1**	–	**21,845**	–
26	Costs of share issues	**(94.3)**	–	**(1,027)**	–
19	Proceeds from issue Convertible Loan Notes	**–**	813.4	**–**	9,507
21	(Repayment)/increase of short-term borrowings	**(24.9)**	3.5	**(271)**	41
7	Interest and finance expense	**(1.2)**	(1.6)	**(13)**	(19)
	Net cash flow generated from financing activities	**1,884.7**	815.3	**20,534**	9,529
	Net increase/(decrease) in cash and cash equivalents	**242.1**	(146.8)	**2,637**	(1,715)
17	Cash and cash equivalents at start of period	**34.5**	151.8	**404**	1,774
	Exchange differences	**34.1**	29.5	**406**	345
17	**Cash and cash equivalents at end of period**	**310.7**	34.5	**3,447**	404

COMPANY STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

Company no. 08166410

Notes		31 March 2019 £000	31 March 2018 £000
	Non-current assets		
12	Property, plant and equipment	**21**	12
13	Investment in subsidiary	**75,521**	60,366
	Total non-current assets	**75,542**	60,378
	Current assets		
16	Trade and other receivables	**214**	163
17	Cash and cash equivalents	**3,710**	828
	Total current assets	**3,924**	991
	Total assets	**79,466**	61,369
	Non-Current liabilities		
19	Loans and Borrowings	**–**	(7,658)
	Total Non-current liabilities	**–**	(7,658)
	Current liabilities		
22	Trade and other payables	**(503)**	(347)
19	Loans and Borrowings	**(9,420)**	–
	Total current liabilities	**(9,923)**	(347)
	NET ASSETS	**69,543**	53,364
	Capital and reserves		
26	Equity share capital	**3,561**	1,754
27	Share premium reserve	**83,452**	64,236
19	Convertible debt option reserve	**2,191**	2,191
	Share based payment reserve	**1,959**	1,045
	Retained earnings	**(21,620)**	(15,862)
	TOTAL EQUITY	**69,543**	53,364

The accompanying Notes are an integral part of the Company Statement of Financial Position.

As permitted by the exemption in Section 408 of the Companies Act 2006, the Company has not presented its own profit or loss account. The loss for the period was £5,757k (2018: £4,350k).

Signed and agreed on behalf of the Board by:

Waheed Alli
Director
16 July 2019

Robert Pursell
Director
16 July 2019

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR TO 31 MARCH 2019

Notes		Equity share capital £000	Share premium reserve £000	Share based payment reserve £ 000	Convertible debt option reserve £000	Retained earnings £000	Total equity £000
	At 31 March 2017	**1,754**	**64,236**	**466**	**–**	**(11,512)**	**54,944**
	Loss for the year – total comprehensive income	–	–	–	–	(4,350)	(4,350)
	Share based payment reserve	–	–	579	–	–	579
	Convertible debt option reserve	–	–	–	2,191	–	2,191
	At 31 March 2018	**1,754**	**64,236**	**1,045**	**2,191**	**(15,862)**	**53,364**
	Loss for the year – total comprehensive income	–	–	–	–	(5,757)	(5,757)
	Share based payment reserve	–	–	913	–	–	913
26	Equity issue	1,807	20,265	–	–	–	22,072
26	Cost of equity issue	–	(1,049)	–	–	–	(1,049)
	At 31 March 2019	**3,561**	**83,452**	**1,958**	**2,191**	**(21,619)**	**69,543**

The accompanying Notes are an integral part of the Company Statement of Changes in Equity.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR TO 31 MARCH 2019

Notes		Year to 31 March 2019 £000	Year to 31 March 2018 £000
	Operating activities		
	Loss for the year	**(5,757)**	(4,351)
	Adjustments to reconcile loss for the year to net cash flow from operating activities		
12	Depreciation	**9**	7
6	Share based payment	**913**	579
	Interest income	**(17)**	(11)
	Interest expense	**1,761**	949
	Working capital adjustments:		
16	Increase in trade and other receivables	**(51)**	(42)
22	Increase/(decrease) in trade and other payables	**156**	(43)
	Net cash outflow from operating activities	**(2,986)**	(2,912)
	Investing activities		
13	Investment in subsidiary	**(15,155)**	(7,500)
12	Purchase of plant and equipment	**(17)**	(8)
	Interest income received	**17**	11
	Net cash flow used in investing activities	**(15,155)**	(7,497)
	Financing activities		
26	Proceeds from issue of shares	**22,072**	–
26	Costs of share issues	**(1,049)**	–
19	Proceeds from convertible loan	**–**	8,900
	Net cash inflow from financing activities	**21,023**	8,900
	Net (decrease)/increase in cash and cash equivalents	**2,882**	(1,509)
17	Cash and cash equivalents at start of year	**828**	2,337
17	**Cash and cash equivalents at end of year**	**3,710**	828

The accompanying Notes are an integral part of the Company Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS

1. Authorisation of financial statements

The consolidated financial statements of Koovs plc (the "Company") and its subsidiary (together, the "Group") and the financial statements of the Company were authorised for issue by the Board of Directors on 16 July 2019 and the Statement of Financial Position of both the Group and Company were signed on the Board's behalf by Waheed Alli and Robert Pursell.

Koovs plc is a public limited company incorporated and domiciled in England and Wales. The address of its registered office is York House, 23 Kingsway, London WC2B 6UJ.

2. Accounting policies

2.1. Basis of preparation

The Group's consolidated financial statements and the Company's financial statements have been prepared in accordance with IFRS as adopted by the European Union as they apply to the financial statements for the period ended 31 March 2019 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which have been consistently applied for the period ended 31 March 2019 and the preceding year.

The financial statements are prepared under the historical cost convention except for assets valued at fair value on business acquisition.

The financial statements of the Group are presented in the Indian Rupee, and all values are rounded to the nearest 100,000 Rupees (INR 0.1m) except when otherwise indicated. The Financial Statements of the Company are presented in Pounds Sterling, the functional currency of the Company and are rounded to the nearest thousand pounds (£000).

New standards, amendments and interpretations effective from 1 January 2018 have been adopted by the Group. Those new standards which have given rise to changes in the Group's accounting policies are: IFRS 9 Financial Instruments (IFRS 9); and IFRS 15 Revenue from Contracts with Customers (IFRS 15).

IFRS 9, "Financial instruments"

IFRS 9 has introduced a new impairment model, which is applicable to all financial assets including trade receivables and related party balances.

The new IFRS 9 impairment model reflects expected credit losses, as opposed to incurred credit losses. It is no any longer necessary for a credit event to have occurred before credit losses are recognised. Instead, the Group accounts for (at a minimum) 12 month expected credit losses and these amounts are updated at each reporting date.

The Group has reviewed trade receivable balances and evidence that the Group may not be able to collect all amounts due according to the original terms of the receivables as well as other indications of impairment i.e. historical default rates, significant difficulties of the counterparty. These indicators were used in conjunction with forward looking estimates and credit rating rationale. The calculation of the expected credit loss provision was immaterial for both FY19 and FY18 and as such no adjustments / transition adjustments have been recorded.

IFRS 15, "Revenue from contracts with customers"

IFRS 15 is intended to establish a single framework for revenue recognition. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

Revenue from Marble Pvt Ltd. is recognised in the financial statements when the customer receives the goods ordered. Under IAS 18 the point at which the customer received the goods was determined to be the point at which the risk and rewards were transferred, and hence the point at which revenue was recognised. IFRS 15 requires an assessment of the distinct performance obligations within the contract and when control of the goods passes to Marble Pvt Ltd. As with IAS 18 this has been determined at the point that Marble receives the goods. Therefore, the adoption of the standard had no impact on existing revenue recognition policies.

Additional disclosures have been provided in the Notes.

Revenue from "Technical Services" is a new revenue stream for the Group and therefore the adoption of the standard has had no impact on revenue recognition policies for technical service contracts. Further information can be found in the accounting policies note on revenue recognition.

IFRS 15 has been applied retrospectively to each prior reporting period presented, there has been no impact on the prior year comparatives as a result of the application of the new accounting standard.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these is: IFRS 16 "Leases" (mandatorily effective for periods beginning on or after 1 January 2019).

Under IFRS 16 most leases will be brought on balance sheet, increasing both assets and liabilities, also what are currently accounted for as operating lease expenses will become depreciation and interest charges.

The Group currently has two office leases and one warehouse lease. These assets and liabilities will be capitalised on the balance sheet the effect of which will be material with an estimated INR29m / £0.3m increase in assets and INR46m / £0.5m increase in liabilities as at the transition date 1 April 2019, whereas the effect on the income statement is not expected to be material overall. The incremental borrowing rate used to measure lease liabilities for the purpose of this illustration is 17.9%. The group intends to apply the modified retrospective approach to the adoption of the new accounting standard

A number of other new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 March 2019 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

The preparation of the financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these assumptions. The estimates and assumptions are based on historical experience and are reviewed on an ongoing basis and are disclosed in Note 2.5. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.2. Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiary undertaking, the financial statements of which are made up to 31 March each year.

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangements with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3. Reporting currency

Since the majority of the Group's revenue is generated through its trading subsidiary in India and the majority of the costs are incurred in India, the functional currency of the trading subsidiary is the Indian Rupee ("INR"). For this reason, the Rupee is used as the presentational currency of the Group.

Where appropriate the following exchange rates to £1 (rounded to one decimal place) have been used in the relevant periods to translate Sterling figures to Rupees:

Indian Rupees	**31 March 2019**	31 March 2018	31 March 2017
Balance sheet	**90.1**	91.4	81.1
Income statement	**91.8**	85.6	87.7

The rates used for the balance sheet represent the rate at the close of the year. The rates used for trading items reflect the average rates during the year.

All Rupee amounts are millions of Rupees (INR million or INRm) except where otherwise indicated.

To assist UK-based readers of the financial statements, translations into Sterling have be supplied on a memorandum basis to allow a clear understanding of the results and financial position of the business. The memorandum information has not been audited and does not form part of the financial reporting of the Group representing, as they do, simple translations of the Rupee information. The exchange rates used are those shown in the table above.

The financial statements of the Company continue to be presented in its functional currency, pounds Sterling.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2.4. Significant accounting policies

a. Going concern

These financial statements have been prepared on the assumption that the business is a going concern. The Directors have reviewed the Company's and the Group's going concern position taking account its current business activities, budgeted performance and the factors likely to affect its future development, set out in the Annual Report, and including the Group's objectives, policies and processes for managing its working capital, its financial risk management objectives and its exposure to credit and liquidity risks. The Group made a loss for the year of INR1,423million (approximately £15,506k), had Net Current Assets at the period end of INR 683.8 million (approximately £7,587k) and a Net Cash Outflows from Operating Activities of INR 1,444 million (approximately £15,729k). The Group meets its day to day working capital requirements through existing cash resources and had on hand cash, cash equivalents and short term deposits at the balance sheet date of INR 747 million (2018: INR235 million) and as of the end of June 2019 the Group had INR 607 million (approximately £6,922k)

The Directors have reviewed the Group's cash flow forecasts covering a period of at least 12 months from the date of approval of the financial statements, which foresees that the Group will be able to meet its liabilities as they fall due. However, the success of the business remains reliant on the Group achieving an adequate level of sales, driven by an appropriate level of marketing spend. During the next 12 months the forecast level of costs will be unlikely to be covered by the gross profit generated from sales. As such there is a risk that the Group's working capital may prove insufficient to cover such operating activities. In such circumstances, the Group could be obliged to seek additional funding through a placement of shares or source other funding. In the absence of additional funding the Group has the ability to reduce costs to ensure that existing cash resources together with the funding described below are sufficient to enable the Group to meet its liabilities for a minimum of 12 months from the date of this report.

Furthermore, The Group is also dependent on the Group's convertible loan notes not being redeemed, without being replaced by an alternative form of funding – either fresh debt or equity. The terms of this instrument, are set out in Note 19 to the financial statements, noting that they have recently been extended, until February 2021. As the majority holder of the notes, the Chairman of the Group, in addition now has the right to demand repayment at any time during this term. Whilst not legally binding, the directors have received confirmation from the Chairman that he does not intend to seek their repayment for at least 12 months from the approval of these financial statements.

It should be noted that since 31 March 2019, the Group has raised £3.7m (approximately INR333.5m) of strategic investment from Future Lifestyle Fashions Limited (FLFL). Furthermore, an additional investment from FLFL of £6.8m (approximately INR612.9m), the "Second Tranche" has also been subscribed for subject to receipt of funds, which is expected to occur in several stages within the calendar year. This investment was conditional on the directors receiving the authority from shareholders to issue the CCPS, and this authority was granted at the EGM held on 25th June 2019. Further information regarding these strategic investments is detailed in the Note 33.

The directors have concluded that the circumstances set forth above represent a material uncertainty, which may cast significant doubt about the Company's ability to continue as going concern. However, they believe that taken as a whole, the factors described above enable the Company to continue as a going concern for the foreseeable future. The financial statements do not include the adjustments that would be required if the Company were unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

b. Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method of accounting. Goodwill arising on business combinations represents the difference between the cost of the acquisition and the fair value of the identifiable assets and liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment.

The carrying amount is compared with the recoverable amount annually. The recoverable amount is assessed as the higher of value in use and fair value less cost of disposal.

The value in use calculations refer to 5 year cash flow projections with a perpetuity applied to year 5. An appropriate pre-tax discount rate is used in discounting the projected cash flows based on the weighted average cost of capital applicable to the cash generating units concerned.

For the purpose of impairment testing, goodwill is allocated to the lowest level of cash generating unit within the Group at which the goodwill is monitored for internal management purposes. Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

For each business combination, the Group elects whether to measure any non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

c. Foreign currency translation

The Group's financial statements are presented in Indian Rupees. The functional currency of Koovs India is the Indian Rupee and the functional currency of Koovs plc is Pounds Sterling.

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the period end date. All differences are taken to the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Further, in consolidating the results of companies whose operational currency is other than the Rupee:

- assets and liabilities denominated in Sterling are translated into INR at the closing rates of exchange on the relevant balance sheet date;
- Sterling income and expenditures are translated at the average rates of exchange prevailing for the relevant periods; and
- Sterling share capital, share premium and the other equity transactions are translated at the historic rates prevailing on the date of each relevant transaction.

d. Financial Instruments

i. Financial assets

All financial assets are recorded on initial recognition at fair value and subsequently at amortised cost using an effective interest rate method, less provision for impairment. The Group has the following categories of the financial

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assets measured at amortised cost: cash and cash equivalents, short – term deposits, trade receivable and other receivables.

A provision is made for the impairment as a "Loss Allowance" for expected credit losses, using simplified provision matrix. It is based on the Group historical defaults rates over expected life of trade receivable, adjusted for forward looking estimates.

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

ii. Financial liabilities

Financial liabilities are initially measured at fair value and subsequently at amortised cost using an effective interest rate method. The Group has the following categories of financial liabilities measured at amortised cost: trade and other payable, bank overdraft, short-term loan including convertible loan notes and lease equalisation.

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Trade and other payables mainly originate from the financing of assets used in the Group's ongoing operations for working capital. These assets are considered part of the Group's overall liquidity risk.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

iv. Fair values

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

v. Convertible loan notes

As per IAS 32, the issuer of a bond convertible into ordinary shares first determines the carrying amount of the liability component by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component. Subsequently, the liability is accounted for as a financial liability measured at amortised cost until extinguished on conversion at maturity. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole. The equity element is recognised within the "convertible debt option reserve". For more information, refer to Note 19.

e. Revenue recognition

The Group recognises revenue at the fair value of consideration received or receivable. Sale of goods to external customers are recognised at invoiced amounts less value-added tax or local tax on sales. Where the group offers product and volume discounts to customers these are recorded as a reduction to revenue.

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The group currently generates revenue through the sale of fashion garments, as well as the provision of technical services for the design, development and maintenance of ecommerce websites.

Revenue derived from the sale of fashion garments is recognised at a point in time when control of the goods has transferred to the customer. The point of transfer is considered to be when the customer receives the goods ordered (which is the same date as the dispatch of the goods). Once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession and retains none of the benefits from the goods in question. Once the goods have been delivered and accepted by the customer there is no right of return, and therefore no variable element to the consideration in this respect.

When the group delivers products to a concession store for onwards sale to the end customer this is considered to be a consignment arrangement as the group retains control of the product at that point in time. No revenue is recognised until control of the product is transferred to the end customer which is considered to be the point of sale in the concession store.

Revenue in relation to studio services (photo shooting for catalogues) is recognised when the service is provided.

Technical services revenue is derived from the provision of design, development and subsequent maintenance services of ecommerce websites. The underlying contracts are reviewed and the distinct performance obligations within the contract identified.

One technical services contract was entered into during the year and three distinct performance obligations were identified as follows:

- Delivery of the front-end website. Revenue is recognised at the point in time that control is passed to the customer, this is considered to be when the front-end website is handed over. This was completed during the year under review and therefore revenue in relation to this portion of the contract recognised.
- Integration of the website into the existing customer's IT infrastructure. Revenue is recognised at the point in time that control is passed to the customer; this is considered to be the time at which the ecommerce platform becomes fully operational. This was not completed until post year end therefore no revenue recognised in FY19.
- Provision of maintenance and support services. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits under this contract as they are performed. No maintenance services were provided during FY19 and therefore no revenue was recognised.

f. Property, plant and equipment

Property, plant and equipment is stated at cost (including capitalised borrowing costs where appropriate) less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to the Income Statement on a straight-line basis over the useful economic life of the asset. Residual values are reviewed at each reporting date.

The estimated useful lives are as follows:

Leasehold improvements: shorter of the period of the lease and the useful economic life.

Computer equipment, office equipment, fixture and fittings, motor vehicle: 3 to 10 years.

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g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and/or accumulated impairment losses, if any. Internally generated intangible assets are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation charge is included in operating expenses in the Statement of Profit and Loss.

The estimated useful lives are as follows:

- Software licences: period of the licence of 3 years

h. Leased assets

Operating leases are leases where substantially all of the risks and rewards of ownership have not been transferred to the Group. The cost of operating leases is charged to the income statement on a straight line basis over the period of the lease.

i. Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost includes the purchase price of manufactured products, materials, direct labour, transport costs and a proportion of attributable design and production overheads calculated on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow moving or defective items where appropriate.

j. Prepayments

Prepayments includes security deposit payments made for advertising contracts, which are realised and recorded in the income statement as the advertising services are provided.

k. Impairment

The carrying amount of the Group's assets, other than inventories and deferred tax assets, are reviewed each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount. For tangible fixed assets, the recoverable amount is determined with reference to the cash generating unit to which the asset belongs.

l. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted at the balance sheet date, plus any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that

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are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and are not discounted. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Indian Goods and Services Tax (GST) legislation and its application allow any unutilised input credits to be carried forward for an indefinite period and on a transferable basis. As such, to the extent this legislation remains as enacted and applied, any unutilised GST input credits are recognised as an asset in full in the consolidated statement of financial position.

m. Post-employment benefits

The Group operates an unfunded defined benefit gratuity plan for its employees in India. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year end. The cost is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under administration expenses in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

The Group also contributes to defined contribution pension schemes. Pension costs charged to the Income Statement represent the amount of contributions payable to such schemes in respect of the period.

n. Finance income

Finance income comprises interest receivable on funds invested. Finance income is recognised in the Group income statement using the effective interest method.

o. Share-based payment

The Group operates share option incentive schemes for Directors and key employees. The fair value of options granted is recognised as an employee expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the "Black-Scholes" option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised in the income statement is adjusted at each balance sheet date to reflect the number of share options that are expected to vest revised for expected leavers and estimated achievement of non-market based vesting conditions.

p. Segmental information

The Directors consider that the business comprises a single operating segment for reporting purposes.

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2.5. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the period end date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

a. Judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Revenue

The Group recognises revenue at the fair value of the consideration received or receivable. Revenue from the wholesale of fashion garments has been judged to be in the point in time, when the goods are handed over and accepted by Marble Pvt Ltd, at which point the control is passed. During the financial year the Group agreed a contract to deliver technical services to a customer. The key judgements made in revenue recognition for the Technical Services revenue stream were the separation of the performance obligations into distinct performance obligations, and the judgement as to whether the performance obligations and revenue are recognised over time or at a point in time.

Taxes

The Goods and Services Tax (GST) is a value added tax levied in India on most goods and services sold for domestic consumption. GST charged on sales is remitted to the government after deducting GST paid on purchases. Where the value of GST input credits on purchases is in excess of GST output credits on sales, no claim can be made to the government for a rebate on the unutilised input credits, but the company can carry forward indefinitely the unutilised input credits to offset against future GST payments. Judgement is used in assessing the likelihood that the carrying value of unutilised GST credits will be available to offset future GST liabilities.

Business relationship

The Koovs Group wholesales products exclusively to Marble, an independently owned and managed company which operates both the Koovs.com website and the associated e-commerce retail distribution business under a licence granted by the Koovs Group. Marble operates independently and carries the stock and credit risk associated with the sales it makes to consumers. It has therefore been assessed that Marble acts as principal in its dealings with its customers and not as agent for Koovs.

b. Estimates

Impairment of Goodwill and Investments

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The goodwill was tested for impairment at 31 March 2019 and the recoverable amount was based on value in use. Goodwill has been allocated to the assets and liabilities of Koovs Marketing Consultants Private Limited, which is considered to be a cash-generating unit. The value of the CGU has been determined using the value in use calculation. Refer to note 11 for further details.

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The same calculation was then utilised for the assessment of the company investment impairment review (note 13).

A 1% reduction in the compound annual growth rate of Gross Order Value would reduce the value in use by £11.4m.

Valuation of inventory
Inventories and work in progress are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Provision is made for obsolete, slow moving or defective items where appropriate. The assessment of the selling price follows a two-stage process; first the most recent selling price is used to calculate the lower of cost and net realisable value and a provision is created for any items where the recent selling price is below cost; and second, a further provision is made based on the age of the inventory on a sliding scale so that all inventory over six month old attracts a provision and inventory over 12 months old is fully provided. A 1% reduction of net realisable value and selling price would increase the provision in the consolidated statement of financial position by INR 0.2m/£2k, INR 3m/£33.3k accordingly.

Convertible debt option reserve
IAS 32 requires the liability component of the convertible loan notes (see note 19) to be assessed by measuring the fair value of a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component. The carrying amount of the equity instrument represented by the option to convert the instrument into ordinary shares is then determined by deducting the fair value of the financial liability from the fair value of the compound financial instrument as a whole. In the prior year the Group estimated that the interest rate of a similar liability that did not have an associated equity component was 22.5%. A 1% reduction in this estimation have reduced the equity component presented in the convertible debt option reserve in the consolidated statement of financial position by INR 9.8m/£108.8k.

Share Options Valuation
The Group operates share option incentive schemes for Directors and key employees. The fair value of options granted is recognised as an expense in the income statement with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options is measured using the "Black-Scholes" option valuation model, in which there are several inputs, most of which are based on available market information or details specified within the share option agreements, however, estimation is required in the assessment of the expected life of the option. The contractual life of the options of the issues during FY19 was 10 years. Management have assessed the expected life to be 3 years, (aligning with the vesting period). An increase in the expected life of the option from 3 to 5 years (being the estimated life applied to previous share options issue) would increase the option valuation from 6.03p to 7.67p, which would in turn increase the share-based payment charge recognised in the year to the 31 March 2019 in respect of these options from £353,116 to £449,043. Additional information on inputs used can be found in Note 28.

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3. Revenue

Revenue recognised in the Income Statement is analysed as follows:

			MEMORANDUM	
Revenue streams	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Sale of fashion garments	**505.9**	543.2	**5,512**	6,350
Technical Services	**73.9**	–	**805**	–
Concession sales	**5.7**	–	**62**	–
Studio Services	**4.4**	–	**48**	–
Total	**589.9**	543.2	**6,427**	6,350

			MEMORANDUM	
Primary geographical markets	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
India	**588.2**	512.5	**6,409**	5,990
UK	**1.7**	30.7	**18**	360
Total	**589.9**	543.2	**6,427**	6,350

			MEMORANDUM	
Timing of revenue recognition	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Goods transferred at point in time	**511.6**	543.2	**5,574**	6,350
Services transferred at a point in time	**78.3**	–	**853**	–
Total	**589.9**	543.2	**6,427**	6,350

The Group's main operation was that of supplying fashion garments at wholesale to third parties.

Operating segments

INR504.2m/£5,494k (2018: INR512.5m/£6,409) of the Group's revenue is generated by Koovs India through its operations with Marble Pvt. Ltd as a supplier of branded fashion products. INR84m/£915k (2018: INR NIL/£NIL) of the Group's revenue is generated by Koovs India through the agreement with FLFL; providing, developing, hosting and maintaining an online platform for FLFL's Brand Factory retail format ("Technical Service").

The chief operating decision maker is the Chief Executive Officer who makes resource allocation decisions based on financial statements and operating reports for the entire Group. The Group therefore represents a single cash generating unit and a single operating segment.

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4. Operating loss

Operating loss is stated after charging:

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Auditor's remuneration (Note 5) Parent	**6.7**	7	**73**	82
Auditor's remuneration (Note 5) Subsidiary	**2.2**	2.3	**25**	26
Operating lease payments	**36.8**	27.5	**401**	322
Depreciation expense (Note 12)	**10.2**	10.5	**110**	124
Amortisation expense (Note 11)	**2.9**	0.7	**32**	8
Staff costs (Note 6)	**372**	337.2	**4,053**	3,941
Net foreign currency exchange loss	**–**	0.3	**–**	3
Marketing cost	**563.5**	667.4	**6,140**	7,797
Inventory provision charge (Note 15)	**–**	8.8	**–**	103

All operating expenses are administrative by nature.

5. Auditor's remuneration

The Group paid the following amounts to the Group's auditor or its associates in respect of the audit of the financial statements of the Group.

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Audit of the financial statements – audit services	**8.9**	9.3	**98**	108
Total	**8.9**	9.3	**98**	108

6. Staff costs and Directors' emoluments

a. Group staff costs

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Total wages and salaries	**262.5**	261.8	**2,859**	3,059
Social security costs	**11.4**	11.2	**124**	131
Pension contributions	**10.6**	9.6	**116**	112
Unfunded post-employment benefits	**2.2**	0.2	**24**	2
Employee benefits – health insurance	**–**	1.5	**–**	18
Share based compensation (Note 28)	**85.3**	52.9	**930**	619
Total	**372**	337.2	**4,053**	3,941

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The average monthly number of employees during the period was made up as follows:

	2019 No.	2018 No.
UK operations	**23**	21
India operations	**136**	133
Total	**159**	154

b. Directors' remuneration

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Total Directors' remuneration	**41**	42.3	**447**	495
Highest paid Directors' remuneration	**16.6**	15.3	**181**	179
Contributions to money purchase pension schemes	**0.3**	0.2	**4**	2

c. Company staff costs

	2019 £000	2018 £000
Total wages and salaries	**1,241**	1,197
Social security costs	**124**	131
Pension contributions	**42**	28
Employee benefits – health insurance	**13**	14
Share based compensation	**913**	619
Total	**2,333**	1,989

Average monthly number of employees in FY19 employed by KOOVS PLC, UK operations amounted to 23 (2018: 21).

Key Management Personnel

The directors are the key management personnel of the group.

The remuneration of the Directors is disclosed in the Directors' Remuneration report. All of the Directors' emoluments are denominated and paid in Sterling with a conversion to Rupees at the average rate for the year.

d. Share based payments

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Share based payments – Directors	**70.8**	47.2	**772**	553
Share based payments – other staff	**14.5**	5.7	**158**	66
Total	**85.3**	52.9	**930**	619

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7. Finance Income and Expense

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Finance income				
Interest on deposits	**25.8**	18.8	**281**	220
Finance expense				
Bank Charges	**(1.2)**	(1.6)	**(13)**	(19)
Interest on Borrowings (Note 19)	**(166.2)**	(82.4)	**(1,811)**	(963)
Total	**(167.4)**	(84.0)	**(1,824)**	(982)

8. Taxation

a. Tax charged in the Income Statement

There is no tax credit or charge in the year ended 31 March 2019 (2018: Nil).

The Group has generated tax losses during the period. No tax credit has been accounted for in the period ended 31 March 2019 in relation to these losses as the likelihood is that it will be some time before tax losses can be utilised. There is no tax charge or credit relating to items charged or credited to other comprehensive income.

b. Reconciliation of the total tax charge

The tax expense in the Income Statement for the period is different to the standard rate of corporation tax in the UK. The differences are reconciled below:

	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Loss from continuing operations before taxation	**(1,423.1)**	(1,312.2)	**(15,506)**	(15,337)
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	**(270.4)**	(249.3)	**(2,946)**	(2,914)
Expenses not deductible for tax purposes	**18.7**	12.2	**204**	143
Deferred tax asset not recognised	**251.7**	237.1	**2,742**	2,771
Total tax expense reported in the Income Statement	**–**	–	**–**	–

c. Change in corporation tax rate

The UK tax rate is to be reduced to 18% from 1 April 2020, which was announced at Summer Budget 2015. At Budget 2016, the government announced further reduction to the Corporation Tax main rate setting it at 17% for the year starting 1 April 2020.

d. Deferred tax

Koovs India has INR5,549.8m/£61.6m (2018: INR4,652.2m/£50.9m) of tax losses, which are available to carry forward against taxable profits generated over the next seven years. As of 31 March 2019, tax losses in the UK available to carry forward indefinitely amounted to INR1,494.6m/£16,589k, (2018: INR1,218.9m/£13,280k). No deferred tax asset has been recognised in relation to these losses.

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9. Dividends paid and proposed

No dividends were paid or declared in either period from 1 April 2017 to 31 March 2019.

10. Earnings per share

Diluted earnings per share is calculated by dividing the earnings attributable to the owners of the Parent Company by the weighted average number of ordinary shares in issue during the period, adjusted for the effects of potentially dilutive share options. The effect of the share options in issue is anti-dilutive and therefore no adjustment has been made to the weighted average shares in issue for diluted earnings per share.

	2019	2018
Weighted average shares in issue for basic earnings per share	**293,165,252**	175,383,691
Effect of dilutive options	**–**	–
Weighted average shares in issue for diluted earnings per share	**293,165,252**	175,383,691
Earnings attributable to the owners of the Parent (INRm)	**(1,423.10)**	(1,312.2)
Basic and diluted loss per share – Rupees	**(4.9)**	(7.5)
Basic and diluted loss per share – Pence	**(5.3)**	(8.3)

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11. Intangible assets

Group	Computer software INRm	Goodwill INRm	Total INRm
Cost			
At 31 March 2017	10.9	621.2	**632.1**
Additions: year to 31 March 2018	0.8	–	**0.8**
At 31 March 2018	11.7	621.2	**632.9**
Additions: year to 31 March 2019	1.6	–	**1.6**
At 31 March 2019	13.3	621.2	**634.5**
Amortisation			
At 31 March 2017	4.6	–	**4.6**
Amortisation charge: year to 31 March 2018	0.8	–	**0.8**
At 31 March 2018	5.4	–	**5.4**
Amortisation charge: year to 31 March 2019	2.7	–	**2.9**
At 31 March 2019	8.1	–	**8.3**
Net Book Amount			
At 31 March 2017	6.3	621.2	**627.5**
At 31 March 2018	6.3	621.2	**627.5**
At 31 March 2019	**5.2**	**621.2**	**626.2**
Net Book Amount (£000)			
At 31 March 2019	58	6,892	**6,950**

Computer software assets are assumed to have a finite useful life and are amortised on a straight-line basis over the life of the licence.

The goodwill is not amortised but it is subject to an annual impairment test. The goodwill relates entirely to the Group's Indian subsidiary, Koovs Marketing Consulting Pvt. Ltd. The recoverable amount of the asset has been assessed using value in use method, measured as the present value of estimated future cashflows generated by the asset, including its estimated terminal value. Trading of Koovs Marketing Consulting Pvt. Ltd. is the cash generating unit (CGU) as it accounts for all Koovs Plc groups trading activities. As the recoverable amount of INR12,571, £138m of goodwill is higher than the carrying amount of goodwill of INR621.2 £6.9m, plus other net assets of the CGU, there is no required asset impairment at the end of FY19. Refer to Note 13 for more information regarding the discount rate and key assumptions used in cash flow projections.

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12. Property, plant and equipment

Group	Leasehold improvements INRm	Computer equipment INRm	Office equipment INRm	Fixtures & Fittings INRm	Motor vehicle INRm	Total INRm
Cost						
At 31 March 2017	10.9	14.5	18.1	3.5	1.0	**48.0**
Year to 31 March 2017						
Additions	13.2	1.3	1	3.6	–	**19.1**
Disposals	–	–	(6.7)	(0.3)	(1.3)	**(8.3)**
At 31 March 2018	24.1	15.8	12.4	6.8	(0.3)	**58.8**
Additions	1.5	7.0	0.5	0.2	–	**9.2**
At 31 March 2019	25.6	22.8	12.9	7.0	(0.3)	**68.0**
Accumulated Depreciation						
At 31 March 2017	9.6	9.5	8.6	1.5	0.3	**29.5**
Year to 31 March 2018						
Depreciation charge	4.8	2.9	2.7	0.1	0	**10.5**
Disposals	–	–	(4)	(0.2)	(0.8)	**(5)**
At 31 March 2018	14.4	12.4	7.3	1.4	(0.5)	**35**
Year to 31 March 2019						
Depreciation charge	5.4	2.4	1.8	0.6	–	**10.2**
At 31 March 2019	19.8	14.8	9.1	2.0	(0.5)	**45.2**
Net Book Amount						
At 31 March 2017	1.3	5.0	9.5	2.0	**0.7**	**18.5**
At 31 March 2018	9.7	3.4	5.1	5.4	**0.2**	**23.8**
At 31 March 2019	**5.8**	**8.0**	**3.8**	**5.0**	**0.2**	**22.8**
Net Book Amount (£000)						
At 31 March 2019	64	90	42	55	2	**253**

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Company	Fixtures & Fittings £000
Cost	
At 31 March 2017	28
Year to 31 March 2018	
Additions	8
At 31 March 2018	36
Year to 31 March 2019	
Additions	17
At 31 March 2019	53
Depreciation	
At 31 March 2017	16
Year to 31 March 2018	
Deprecation charge	7
At 31 March 2018	23
Year to 31 March 2019	
Deprecation charge	9
At 31 March 2019	32
Net Book Amount	
At 31 March 2018	13
At 31 March 2019	**21**

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13. Company investment in subsidiary

Koovs Marketing Consulting Private Limited ("Koovs India") operates a wholesale business supplying fashion clothing and accessories in India and owns the rights to the "Koovs" brand.

Koovs Plc owns 100% of the issued share capital of Koovs India.

Koovs India is located at 77A Sector-18, IFFCO Road, Gurgaon – 122015, India.

The investment has been tested for impairment and the recoverable amount has been calculated using the value in use method. The value in use model utilised projected cash flows for six years (as still in a growth phase) and applied a terminal value thereafter. The recoverable value is in excess of the carrying value of the asset, so no impairment has been charged.

Key assumptions used in cashflow projections:

Gross order value compound growth from FY18 to FY25	77%
Gross margin improvement from FY18 to FY23	from -1% to 36%
Discount rate, pre-tax	18.9%
Tax rate	30.0%
Growth rate applied in calculation of terminal value	8%

A 1 % reduction in the compound growth rate would result in an £11.4 reduction in value in use. A 6% reduction in the compound growth rate, or a 17% reduction in gross order value could result in an impairment.

Movement in the investment in subsidiary has been outlined in the table below.

Investment in subsidiary	£000
At 31 March 2018	60,366
Investment in Koovs – 5th July 2018	555
Investment in Koovs – 21st August 2018	3,000
Investment in Koovs – 23rd August 2018	3,000
Investment in Koovs – 26th September 2018	4,600
Investment in Koovs – 30th January 2019	4,000
Exchange difference	–
At 31 March 2019	75,521

14. Non-current financial assets

Non-current financial assets comprise security deposits given towards rental premises and Governmental assets in India.

			MEMORANDUM	
Group	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Restricted cash	**0.3**	0.3	**3**	3
Security deposits	**7.7**	6.5	**85**	71
	8.0	6.8	**88**	74

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15. Inventories

Group	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	MEMORANDUM 2018 £000
Raw materials	**3.0**	2.1	**33**	23
Finished goods	**210.1**	138.2	**2,331**	1,513
	213.1	140.3	**2,364**	1,536

The cost of inventory charged through cost of sales in the Consolidated Income Statement during the year amounted to INR638.7m/£6,959k (2018: INR684.5m/£7,996k). Slow moving inventory is assessed each reporting period and appropriate provision made against the inventory balance. The value of inventory is therefore shown net of this provision. During the period there was no provision charge against inventory INRNil/£Nil (2018: increase by INR8.8 m/£103k).

Provisions against inventory	INRm	Memo £000
At 31 March 2017	35.2	461
Arising during the period	8.8	103
Exchange difference on opening balance	–	(83)
At 31 March 2018	44.0	481
Arising during the period	–	–
Exchange difference on opening balance	–	7
At 31 March 2019	**44.0**	**488**

16. Trade receivables, other receivables, prepayments and other assets

Group	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	MEMORANDUM 2018 £000
Trade receivables	**45.2**	58.8	**502**	643
Due from related parties	**85.5**	9.7	**949**	106
Employee receivables	**6.9**	(2.9)	**76**	(32)
VAT, other taxes recoverable and GST	**140.8**	68.8	**1,562**	753
Prepayments, advances	**758.6**	498.3	**8,417**	5,452
Total	**1,037.0**	632.7	**11,506**	6,922

Company	2019 £000	2018 £000
Due from related parties	**16**	18
Prepayments and other receivables	**127**	134
VAT and other taxes recoverable	**71**	11
Total	**214**	163

Included within Group's VAT and other taxes recoverable' is an amount of INR127.2m/£1,411k (2018: INR52.0m/£569k) in relation to Indian GST. This balance is not expected to be realised within 12 months of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

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Trade receivables and amounts due from related parties are non-interest bearing and are principally due from two customers: Marble Pvt. Ltd and FLFL.

The group has evaluated significant trade receivable balances and amounts due from related parties separately for impairment in accordance with IFRS 9. Balances due from other parties relate to older debt which has previously been fully provided against (INR 13m) or are not considered to be of sufficient size or credit risk to warrant additional analysis.

The two key customers were considered separately for impairment owing to the related party relationship that exists with FLFL, the differing payment terms and credit risk characteristics. The group has then used historic default rates, external market information and other forward-looking available information to assess the expected credit loss provision required for each. The resulting provision calculated was immaterial and as such no adjustment was made within the financial statements (2018: £nil).

A specific provision has previously been made against certain advances to suppliers (INR6.5m) and employee receivables (INR9.6m) where recoverability is considered uncertain. Residual unprovided balances in relation to employee receivables and supplier advances are current and considered recoverable in full.

Credit quality of financial assets

The credit quality of financial assets is assessed by reference to external credit ratings where available, or if no independent rating exists, a rating based on historical information relating to counterparty default rates is used.

The trade receivables balance includes amongst others the amounts due from the Group's one major customer – Marble Pvt. Ltd for goods provided. In the period to 31 March 2019 the Company's trade receivable from this counterparty has never been past due (over 30 days) or impaired therefore management considers the credit quality to be certain. This assessment has been supported by post year end cash receipts.

The Group's other significant trade receivable balances are due from FLFL, who has a high score in credit quality validated by an external credit rating agency, management considers the credit quality to be certain.

Provisions for doubtful debts

Group	Trade receivables INRm	Other receivables INRm
At 31 March 2017	–	–
Charge for the period	15.9	16.1
Utilised during the year	–	–
At 31 March 2018	15.9	16.1
Charge for the period	0.8	–
Utilised during the year	(3.7)	–
At 31 March 2019	**13.0**	**16.1**
At 31 March 2019: £000	**144**	**179**

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17. Cash and bank deposits

Group	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Current assets:				
Bank deposits with an original maturity of more than 12 months	**1.0**	1.0	**11**	11
Bank deposits with an original maturity of not more than 12 months	**427.5**	210.5	**4,743**	2,303
Cash at bank and in hand	**338.0**	86.8	**3,750**	949
Total	**766.5**	298.3	**8,504**	3,263
Non-current assets:				
Security deposits	**8.0**	6.8	**88**	75
Bank overdrafts	**(27.3)**	(52.2)	**(303)**	(572)
Total cash and bank deposits	**747.2**	252.9	**8,289**	2,766

Cash and cash equivalents	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Cash at bank and in hand	**338.0**	86.8	**3,750**	949
Bank overdrafts (Note 21)	**(27.3)**	(52.2)	**(303)**	(572)
Total	**310.7**	34.6	**3,447**	377

Cash and cash equivalents comprise cash in hand and cash held in bank accounts from which deposits can be drawn without any substantial delay and which have not been deposited under any agreement for a fixed term, net of any bank overdrafts which are utilised for operational cash flow purposes.

Company	2019 £000	2018 £000
Cash at bank and in hand	**3,710**	828

18. Non-current liabilities

Group	2019 INRm	2018 INRm	MEMORANDUM 2019 £000	2018 £000
Convertible loan notes	**–**	708.2	**–**	7,748
Provision for employment benefits – Note 20	**5.6**	4.9	**62**	54
Lease equalisation – arising from straight-line expensing of property lease costs	**3.7**	3.0	**41**	32
Total	**9.3**	716.1	**103**	7,834

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19. Convertible Loan Notes

On the 18 August 2017, the Company issued £8.9m of convertible loan notes.

The value of the liability component and the equity conversion component were determined at the date the instrument was issued. The fair value of the liability, including non-current borrowings, at inception was calculated using an assumed market interest rate of 22.5% for an instrument without a conversion option.

On initial recognition the value of the equity amounted to INR183.2m/£2,224k, the liability: INR550.1m/£6,676k, £129k of transaction costs were incurred and capitalised. At the year end, the value of the liability amounted to INR849.0m/£9,420k (2018: INR708.2m/£7,658k) and the interest of INR161.8m/£1,762k (2018: INR82.4m/£982k) has been charged to Income Statement.

A Summary of the key terms of the loan notes is as follows

Term	24 months from completion of the issue of the Convertible Loan Notes. In July 2019 this was extended to 42 months.
Conversion Price	The Convertible Loan Notes can be converted into Koovs Ordinary Shares at a conversion price of £0.40 per share
Redemption	The Convertible Loan Notes can be redeemed: • at the election of the noteholders following a material breach by the Company of the terms of the Convertible Loan Note instrument; • automatically on the occurrence of certain insolvency events; • from July 2019 at the election of the noteholders subject to investor majority consent; • otherwise, automatically at the end of the term.
Conversion Rights	The Convertible Loan Notes can be fully converted at any time by the debenture holder giving to the Company 3 months' prior written notice
Security	All amounts falling due under the Convertible Loan Notes will be secured by a debenture constituting a first-ranking fixed and floating charge over all the assets of the Company (the "Debenture")
Coupon & Payment	3-month sterling LIBOR + 6% per annum, calculated monthly and rolled up (but not compounded) with payment at the end of the Term unless previously converted, in which case accrued interest is paid in kind in Ordinary Shares at the Conversion Price or at the point of conversion.
Conversion by the Company	The Company will have the right to require the holder to convert the Convertible Loan Notes into equity at the Conversion Price if: • During the Term the 3-month volume weighted average price of Koovs Ordinary Shares is equal to, or in excess of, £0.75; or • At the end of the Term if the 5-day volume weighted average price of Koovs Ordinary Shares is equal to, or in excess of, £0.45.
"Most Favoured Nation" basis	Following the issue of the Convertible Loan Notes, if the Company proposes to issue any convertible debt securities or instruments ("New Convertibles") on terms as to either the Coupon or the Conversion Price that are more favourable to subscribers of the New Convertibles than to the holders of the Convertible Loan Notes, the holders of the Convertible Loan Notes shall have the right to require the Company to amend the terms of the Convertible Loan Notes so as to be at least equivalent in those aspects to the New Convertibles subject in all cases to all requisite approvals from shareholders and regulatory authorities.

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Change in Liabilities arising from financial activities is presented in the below table

Convertible loan notes	INRm	Memo £000
At 31 March 2017	–	–
Initial recognition	550.1	6,676
Charge during period	82.4	982
Exchange differences	75.7	–
At 31 March 2018	708.2	7,658
Charge during period	161.8	1,761
Exchange differences	(21)	–
At 31 March 2019	**849.0**	**9,419**

20. Provision for post-employment benefits

Koovs India has a defined benefit gratuity plan as required by India regulation. There are no other defined benefit post-employment plans. The gratuity plan is governed by the laws of India which require payment of a gratuity on termination of employment where continuous service has been greater than five years. There are no assets held in relation to these liabilities. The movements during the period and the balance at the end of the period were:

Provisions for post-employment liabilities	INRm	Memo £000
At 31 March 2018	4.9	54
Arising during the period	0.7	7
Exchange differences	–	1
At 31 March 2019 (note 18)	**5.6**	**62**

The gratuity is based on final salary and length of service. The expense recognised in the period is as follows:

			MEMORANDUM	
Group	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Net benefit expense				
Current service cost	**1.6**	1.4	**18**	16
Interest cost on benefit obligation	**0.3**	0.3	**4**	4
Benefits paid	**(1.1)**	(0.2)	**(12)**	(2)
Net actuarial gain in the period	**(0.2)**	(1.0)	**(2)**	(11)
Net benefit expense	**0.6**	0.5	**8**	7

The principal assumptions used in determining the post-employment benefit obligations for the plans outlined above are:

Discount rate per annum	7.00%
Salary increases per annum	12.00%
Mortality rate reference table	India Assured Lives Mortality (2006-08) Ult.
Withdrawal rate per annum	20.00%

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A quantitative sensitivity analysis shows that for the key assumptions, increases or decreases of 100 basis points have an individual impact of not more than INR0.11m/£1k on the defined benefit plans obligation at 31 March 2019.

The following payments are expected to be made in the future years out of the defined post-employment plans obligation:

Company	2019 INRm	2018 INRm
Within 1 year from balance sheet date	**0.6**	0.7
Between 2 and 5 years	**4.0**	3.6
Between 5 and 10 years	**0.8**	0.5
Beyond 10 years	**0.2**	0.2
Total expected payments	**5.6**	5.0

21. Short-term borrowing

Cash and cash equivalents	2019 INRm	2018 INRm	2019 £000	2018 £000
Bank overdraft (note 17)	**27.3**	52.2	**303**	572
Total	**27.3**	52.2	**303**	572

Koovs India has an overdraft facility with Axis Bank amounting to INR54m (£599k). The facility is available until 29 July 2019 and expected to be renewed. It accrues interest at 7.54% per annum. The facility is secured against fixed rate deposits at the same bank. If the facility is not renewed, the amounts, which are held on deposit will be reduced.

22. Trade and other payables

			MEMORANDUM	
Group	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Trade payables	**224.8**	113.0	**2,494**	1,237
Amounts owed to related parties	**19.0**	–	**211**	–
Other payables	**1.1**	0.1	**12**	1
Other taxes and social security costs	**1.8**	6.6	**20**	73
Accrued expenses	**209.8**	125.2	**2,328**	1,369
Total	**456.5**	244.9	**5,065**	2,680

Company	2019 £000	2018 £000
Trade Payables	**58**	35
Amounts owed to related parties	**67**	–
Other taxes and social security costs	**34**	40
Accrued expenses	**344**	272
Total	**503**	347

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

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23. Commitments and contingencies

Operating lease agreements where the Company is lessee

The Group has entered into commercial leases on the Group's offices and warehouse premises. The leases have an average duration of between two and five years with no right of renewal. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rents payable under non-cancellable operating leases are as follows:

			MEMORANDUM	
Group	**2019 INRm**	2018 INRm	**2019 £000**	2018 £000
Not later than one year	**36.4**	16.7	**404**	182
After one year but not more than five years	**63.3**	62.1	**702**	679
After five years	**–**	–	**–**	–
Total	**99.7**	78.8	**1,106**	861

Company	**2019 £000**	2018 £000
Not later than one year	**208**	208
After one year but not more than five years	**210**	418
After five years	**–**	–
Total	**418**	626

Of the £418k of Company commitments £412k relates to a rental lease. The rental lease terminates on 5 April 2021 and has a six-month notice period that can be exercised at any time with no penalty. As the Company does not expect to terminate the lease prior to 5 April 2021 all rental commitments up to this time have been disclosed.

24. Financial risk management

For the purpose of both the Group's and the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent, along with any long-term debt secured to fund the business. The primary objective of the Group's and the Company's capital management policy is to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders over the longer term. At 31 March 2019 the total capital managed under this policy amounted to INR8,275.4 m/£87,013k as described in Note 26 and Note 27.

The Group and the Company both operate with cash balances derived from equity investment. Koovs India operates an overdraft secured on bank deposits in order to provide flexibility in cash management and also has an overdraft facility secured on bank deposits of the Group, for the same purpose. During this period of initial investment in the business, the Group manages its capital by monitoring the Group's profitability, its net cash balances and through the use of detailed funds flow forecasts. The cash resources are managed in the light of changes in trading conditions and expectations over the medium term. In order to maintain or adjust the capital structure, the Group may amend expenditure budgets, issue new shares or seek short-term bank funding. As described in the Strategic Report, the Board is seeking further equity investment to support its operational plans.

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Exposure to credit, interest rate and currency risk arises in the normal course of business.

Market risk – interest rate risk (Group and Company)

The Group's exposure to interest rate risk arises from the fluctuations in the 3 month sterling LIBOR rate impacting the interest payable on the Convertible Loan Notes (see note 19) and from the fluctuations in the rate of interest income from cash and cash equivalents balances as impacted on by the changes in the bank base rates in the UK and India. Interest rate fluctuations in the UK are unlikely to have a significant effect on the financial results of the Group or the Company. In India, interest is currently earned at rates in the region of 7.25% on bank balances at the period end of INR435.2m/£4,839k. A 1% change in this interest rate either way would have an impact in the region of INR8.70m/£97k on the Income Statement and equity.

Market risk – foreign currency risk (Group)

All of the income of the Group is denominated in Indian Rupees and the majority of the cost of sales are also denominated in Rupees. Of the overheads, 30% are denominated in Sterling and therefore the Income Statement is susceptible to fluctuations as a result of changes in the exchange rate. Certain cash balances, receivables and overhead payables are also denominated in Sterling relating to the UK operations of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in Sterling exchange rates, with all other variables held constant.

				MEMORANDUM	
Sterling	Change in rate	Effect on loss before tax INRm	Effect on pre-tax equity INRm	£000	£000
2019	+10%	(52.8)	54.2	(575)	601
	–10%	52.8	(54.2)	575	(601)
2018	+10%	(37.5)	65.5	(438)	717
	–10%	37.5	(65.5)	438	(717)

Credit risk (Group)

Trade receivables are principally due from two customers. These amounts have largely been received by the date of this report. Deposits in the UK are held with the Company's principal banker, Barclays Bank PLC. Cash deposits in India are held by substantial local banks. There is no concern over the credit quality of the banks holding any of the cash deposits.

The Group has established procedures to minimise the risk of default by trade debtors before a customer is accepted.

Further details on trade receivables, including analysis of bad debt and ageing are given in Note 16.

Liquidity risk (Group and Company)

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due.

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The table below summarises the maturity profile of the Group's financial liabilities and assets at 31 March 2019 based on contractual undiscounted payments.

Period ended 31 March 2019	On demand INRm	Less than 3 months INRm	3 to 12 months INRm	1 to 5 years INRm	Over 5 years INRm	Total INRm
Non-derivative financial liabilities at amortised cost						
Trade and other payables	–	454.7	–	–	–	**454.7**
Bank overdraft	27.3	–	–	–	–	**27.3**
Short-term loan	–	–	849.0	–	–	**849.0**
Total	**27.3**	**454.7**	**849.0**	**–**	**–**	**1,331.0**

Period ended 31 March 2018	On demand INRm	Less than 3 months INRm	3 to 12 months INRm	1 to 5 years INRm	Over 5 years INRm	Total INRm
Non-derivative financial liabilities at amortised cost						
Trade and other payables	–	238.3	–	–	–	**238.3**
Bank overdraft	52.2		–	–	–	**52.2**
Long-term loan	–	–	–	708.2	–	**708.2**
Total	**52.2**	**238.3**	**–**	**708.2**	**–**	**998.7**

Period ended 31 March 2019	On demand INRm	Less than 3 months INRm	3 to 12 months INRm	1 to 5 years INRm	Over 5 years INRm	Total INRm
Non-derivative financial assets at amortised cost						
Cash and cash equivalents	338.0	–	–	–	–	**338.0**
Bank Deposits	427.5	–	–	–	–	**427.5**
Bank Deposits	–	–	–	1.0	–	**1.0**
Security deposits	–	–	–	8.0	–	**8.0**
Trade receivable	–	45.2	–	–	–	**45.2**
Other receivables	–	–	92.4	–	–	**92.4**
Total	**765.5**	**45.2**	**92.4**	**9.0**	**–**	**912.1**

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Period ended 31 March 2018	On demand INRm	Less than 3 months INRm	3 to 12 months INRm	1 to 5 years INRm	Over 5 years INRm	Total INRm
Non-derivative financial assets at amortised cost						
Cash and cash equivalents	86.8	–	–	–	–	**86.8**
Bank Deposits	210.5	–	–	–	–	**210.5**
Bank Deposits	–	–	–	1.0	–	**1.0**
Security deposits	–	–	–	6.8	–	**6.8**
Trade receivable	–	58.8	–	–	–	**58.8**
Other receivables	–	–	6.8	–	–	**6.8**
Total	**297.3**	**58.8**	**6.8**	**7.8**	**–**	**370.7**

The Company's financial liabilities at 31 March 2019 amounting to £469k (2018: £307k) were due within 3 months. The Company's financial assets at 31 March 2019 amounted to £3,765k (2018: £961k).

Trade and other payables mainly originate from the financing of assets used in the Group's ongoing operations for working capital. These assets are considered part of the Group's overall liquidity risk.

25. Fair value of financial instruments

The fair value of the financial assets and liabilities, which includes cash and cash equivalents, trade receivables, trade payables, and other current liabilities, approximates their carrying amounts due to the short-term maturities of these instruments. There is no material difference between the carrying amount and the fair value of any other assets or liabilities in the Statement of Financial Position.

26. Issued share capital

	2019 No.	2018 No.	2019 £	2018 £
Allotted, called up and fully paid				
At start of year:				
Ordinary shares of £0.01 each	**175,383,691**	175,383,691	**1,753,837**	1,753,837
Movements during year:				
Shares issued on 10 July 2018	**10,000,000**	–	**100,000**	–
Shares issued on 12 July 2018	**57,876,600**	–	**578,766**	–
Shares issued on 18 July 2018	**800,000**	–	**8,000**	–
Shares issued on 20 July 2018	**66,667**	–	**667**	–
Shares issued on 1 August 2018	**1,666,667**	–	**16,667**	–
Shares issued on 7 August 2018	**67,466,668**	–	**674,666**	–
Shares issued on 4 September 2018	**14,280,000**	–	**142,800**	–
Shares issued on 10 September 2018	**14,280,000**	–	**142,800**	–
Shares issued on 17 September 2018	**14,280,000**	–	**142,800**	–
At end of year	**356,100,293**	175,383,691	**3,561,003**	1,753,837

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	2019 No.	2018 No.	2019 INRm	2018 INRm
Converted to Rupees at the rates ruling on the date of issue of the shares				
At start of year	**175,383,691**	175,383,691	**168.0**	168.0
Issued during year	**180,716,602**	–	**164.6**	–
At end of year	**356,100,293**	175,383,691	**332.6**	168.0
At 31 March 2019	**356,100,293**	175,383,691	**3,561**	1,838

The share capital of the parent company, Koovs plc, is denominated in Sterling and therefore the information provided in relation to the share capital of the Company is given in Sterling and has been translated into Rupees for the purposes of the consolidated accounts.

During the year, the company has issued in total, 180,716,602 new ordinary shares with the total net proceeds of £21.0m/INR 1,911m. The directly attributable cost amounted to £1.0m/INR 94.3m.

The following illustrate the equity placing during FY19:

On the 10 of July 2018 the company has issued 10,000,000 new ordinary shares with nominal amount of £100,000 and amount paid £1,500,000.

On the 12 of July 2018 the company has issued 57,876,600 new ordinary shares with nominal amount of £578,766 and net proceeds of £5,787,660 (directly attributable cost of £232,000).

On the 18 of July 2018 the company has issued 800,000 ordinary shares, with nominal value of £8,000 and amount paid £120,000 (directly attributable cost of £5,001).

On the 20 of July 2018 the company has issued 66,667 ordinary shares, with nominal value of £667 and amount paid £10,000 (directly attributable cost of £5,000).

On the 1 of August 2018 the company has issued 1,666,667 ordinary shares, with nominal value of £16,667 (directly attributable cost of £250,000).

On the 7 of August 2018 the company has issued 67,466,668 ordinary shares, with nominal value of £674,667 and amount paid £10,120,000 (directly attributable cost of £544,661).

On the 4 of September 2018 the company has issued 14,280,000 ordinary shares, with nominal value of £142,800 and amount paid £1,428,000 (directly attributable cost of £11,950).

On the 10 of September 2018 the company has issued 14,280,000 ordinary shares, with nominal value of £142,800 and amount paid £1,428,000.

On the 17 of September 2018 the company has issued 14,280,000 ordinary shares, with nominal value of £142,800 and amount paid £1,428,000.

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27. Reserves

Equity share capital

The amount classified as equity share capital represents the nominal value of shares issued comprising ordinary shares of £0.01 each.

Share premium

The amount classified as share premium represents the premium received on subscription for shares as follows:

	Shares issued No.	Premium per share INR	Share premium INR m
Rights issued on 11 December 2013	5,821,769	–	–
Shares issued on 18 December 2013	3,622,283	33.3	120.7
Shares issued on 10 March 2014	14,666,667	152.6	2,238.6
Shares issued on 16 October 2015	2,972,972	36.4	108.1
Shares issued on 28 January 2016	17,800,000	23.4	416.8
Shares issued on 29 April 2016	87,600,000	23.3	2,040.3
Shares issued on 8 June 2016	13,200,000	23.2	306.4
Shares issued on 4 July 2016	4,000,000	21.5	86.0
Shares issued on 17 November 2016	25,700,000	41.6	1,068.2
Shares issued on 10 July 2018	10,000,000	12.7	126.6
Shares issued on 12 July 2018	57,876,600	8.1	471.2
Shares issued on 18 July 2018	800,000	12.7	10.1
Shares issued on 20 July 2018	66,667	12.7	0.8
Shares issued on 1 August 2018	1,666,667	12.6	20.9
Shares issued on 7 August 2018	67,466,668	12.6	846.9
Shares issued on 4 September 2018	14,280,000	8.5	121.3
Shares issued on 10 September 2018	14,280,000	8.5	121.3
Shares issued on 17 September 2018	14,280,000	8.5	121.3
Costs associated with share issues during the year			(94.3)
Costs associated with share issues, brought forward			(188.5)
Total share premium			**7,942.8**
Total share premium – memo £000			**83,452**

Share based payment reserve

The amount classified as share based payment reserve represents the accumulated charge made in the Income Statement in relation to share based payments reduced by the effect of any shares issued in settlement of liabilities.

Currency translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of the parent company.

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Convertible debt option reserve

The convertible debt option reserve reflects the equity portion of the issued convertible loan notes (see note 19).

Capital management

For details of capital management refer to the Strategic Report and Directors' Report.

28. Share-based payments

Share options

At 31 March 2019, the following equity settled share options had been granted and remained outstanding in respect of Ordinary Shares of 1p each in the Company:

Date of grant	Number	Option price	Vesting date	Contractual life
1 July 2016	8,945,853	53.5p	1 July 2021	10 years
4 July 2016	2,245,255	53.5p	4 July 2021	10 years
12 December 2016	523,893	53.5p	12 December 2021	10 years
26 April 2017	523,893	53.5p	26 April 2022	10 years
06 September 2017	150,000	53.5p	06 September 2022	10 years
17 July 2018	24,944,448	17.7p	17 July 2021	10 years
Total	**37,333,342**	**Weighted average: 29.6p**		

Share based payment	No.	INRm	Memo £000
At 31 March 2018	12,388,895	88.4	981
Amounts granted	24,944,448	85.3	947
Exchange differences	–	(1.5)	(17)
At 31 March 2019	37,333,342	172.2	1,911

Share based payment calculation is based on "Black – Scholes" model. The following inputs have been taken into account in FY19:

Life of the option – 3 years (2018: 5 years)

Expected volatility of share price – 50.9% (2018: 21.2%)

Risk free rate – 0.78% (2018: 0.42%)

There are no cash settlement alternatives.

The share options are subject to a vesting condition which requires that the Group generates an operating profit before the options vest.

The expense recognized for employee services during the year is INR83.8m/£930k (2018: INR52.9m/£619k).

Note: This differs to the GBP amounts disclosed in the Company financial statement disclosures (£913k, 2018: £579k) owing to foreign exchange.

NOTES TO THE FINANCIAL STATEMENTS

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29. Directors' interests

At 31 March 2019, Lord Waheed Alli was interested in a 12.3% (2018:19.2%) equity interest in the Company. During the period the Company paid remuneration Lord Alli of INR0m/£0 (2018: INR0m/£0). At 31 March 2019 or 31 March 2018, the Company did not owe any amounts to Lord Alli for his services as a Director.

At 31 March 2019, Mrs Mary Turner held a 0.1 % (2018: 0.2%) equity interest in the Company. During the period the Company paid remuneration to Mrs Turner of INR5.1m/£55,918 (2018: INR4.7m/£54,946). At 31 March 2019 or 31 March 2018, the Company did not owe any amounts to Mrs Turner for her services as a Director.

At 31 March 2019, Mr Anant Nahata held a 3.4% (2018: 13.0%) equity interest in the Company. In the period from 1st April 2018 to 13th December 2018, the Company paid remuneration to Mr Nahata of INR3.2m/£35,064 (2018: INR4.3m/£50,000). Mr Nahata resigned as a director of the Company on 13th December 2018. At 31 March 2019, the Company did not owe any amounts to Mr Nahata for his services as a Director.

At 31 March 2019, Baroness Rebuck held a 0.3% (2018: 0.6%) equity interest in the Company. During the period, the Company paid remuneration to Mrs Rebuck of INR4.6m/£50,000 (2018: INR4.3m/£50,000). At 31 March 2019, the Company did not owe any amounts to Mrs Rebuck for her services as a Director.

At 31 March 2019, Mrs Nina Amin held a 0.3% (2018: 0.1%) equity interest in the Company. During the period, the Company paid remuneration to Mrs Amin of INR4.6m/£50,000 (2018: INR0.7m/£8,333). At 31 March 2019, the Company did not owe any amounts to Mrs Amin for her services as a Director.

At 31 March 2019, Mrs Emily Sheffield held a 0.02% (2018: 0%) equity interest in the Company. During the period, the Company paid remuneration to Mrs Sheffield of INR6.9m/£75,000 (2018: INR6.4m/£75,000). At 31 March 2019, the Company did not owe any amounts to Mrs Sheffield for her services as a Director.

At 31 March 2019, Ms Avni Biyani had no direct equity interest in the Company, but as a director of Future Lifestyle Fashions Ltd, has an interest in their equity interest of 25.8%. No remuneration was paid to Ms Biyani during the period from her appointment on 1st January 2019 to 31st March 2019.

Recharges of expenses and purchases of services were made between the Company and Silvergate Media Limited, Silvergate Media Holdings Limited and Olga TV Limited as set out in Note 31. Waheed Alli has an interest and is the Chairman of both of these companies.

30. Off-balance sheet arrangements

The Group enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost effective way of obtaining the short-term benefits of these assets. The annual commitments under these arrangements are disclosed in Note 23.

Koovs India is party to an Option Agreement pursuant to which Koovs India has granted to Marble's Shareholders an option to require Koovs India to purchase all of the issued share capital of Marble, Koovs India's customer and operator of the Koovs.com website. Similarly Koovs India has been granted a call option over the same shares. The option period commences on the date of a change in law in India allowing foreign direct investment into the business of multi-brand e-commerce retailing in India. The price payable for the shares will be the fair market value of such shares as determined by a valuer appointed by Koovs India.

There are no other material off-balance sheet arrangements.

NOTES TO THE FINANCIAL STATEMENTS

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31. Related parties

During the period, the Group and the Company entered into transactions in the ordinary course of business with certain related parties as follows:

Group	Revenues recognised between related parties INRm	Recharges between related parties INRm	Amounts owed by related party INRm	Amounts owed to related parties INRm
Year ended 31 March 2019				
Parties related to Koovs plc	–			
Silvergate Media Holdings Limited	–	24.6	0.8	6
BM Creative Management	–	–	0.6	–
Future Lifestyle Fashions Limited	84.1	15.0	84.1	13
Olga TV	–	0.2	–	–
Year ended 31 March 2018				
Parties related to Koovs plc				
Silvergate Media Holdings Limited	–	13.1	1.7	–
BM Creative Management	–	–	1.5	–
Silvergate Investments Ltd	–	5.5	–	–

Company	Recharges between related parties £000	Amounts owed by related party £000	Amounts owed to related parties £000
Year ended 31 March 2019			
Parties related to Koovs plc			
Silvergate Media Holdings Limited	268	9	67
BM Creative Management	–	7	–
Olga TV	2	–	–
Year ended 31 March 2018			
Parties related to Koovs plc			
Silvergate Media Holdings Limited	153	18	–
BM Creative Management	–	17	–
Silvergate Investments Ltd	64	–	–

Convertible Loan Notes

At the end of the year 2019, the Company had a £7.4m convertible loan from Waheed Alli, a significant shareholder and director in the company. These were issued on the same terms as those issued to non-related parties. The terms of which are set out in Note 19.

Companies related to Koovs plc

Silvergate Media Limited, Silvergate Media Holdings Limited, Olga TV Limited, BM Creative Management are subsidiaries or associates of Silvergate Investments Limited, a company wholly owned by Waheed Alli. Waheed Alli is a director of each of the companies.

FLFL, is a shareholder of Koovs plc, holding 16.3% of the share capital as at 31st March 2019.

NOTES TO THE FINANCIAL STATEMENTS

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Terms and conditions of transactions with related parties

Purchases from Silvergate Media Holdings Limited are related to property, IT and other services supplied. Outstanding balances with related parties are at normal market prices, unsecured, interest free and cash settlement is expected within 30 days of invoice.

The Group has not provided or benefited from any guarantees for any related party receivables or payables.

Intra-Group transactions

Intra group transactions have been eliminated.

32. Note supporting statement of cash flows

Below is a summary of the changes in liabilities arising from financing activities:

	Short-term borrowings INR Note 21	Convertible loan INR Note 19	Total INR	Memo £000
At 1st April 2018	52.2	708.2	760.4	8,320
Cash flows:	(24.9)	–	(24.9)	(271)
Non-cash flow:				
Effects of foreign exchange	–	(21.0)	(21.0)	(89)
Interest accruing in period	–	161.8	161.8	1,762
At 31st March 2019	27.3	849.0	876.3	9,722

33. Post balance sheet events

On the 7 May 2019 Future Lifestyle Fashions Limited signed a subscription agreement to invest £10.5m to provide further funding for the Groups business plan. This investment consists of two tranches.

The "First Tranche" was for £3.7m for 45,839,063 new Ordinary Shares, and these shares were issued by the directors and admitted to AIM on the 30 May 2019.

The "Second Tranche" consists of 24,010,937 compulsorily convertible preference shares instrument (CCPSs). These are convertible on the first anniversary of issue (or at the option of FLFL at an earlier date) into 24,010,938 new Ordinary Shares. The implied investment price is approximately 28.36p per new Ordinary Share, which when combined with the investment into the "First Tranche" shares implies a blended investment price by FLFL for the full investment of approximately £10.5m of 15p per new Ordinary Share. This investment was conditional on the directors receiving the authority from shareholders to issue the CCPS, and this authority was granted the EGM held on 25 June 2019.

On the 16 July 2019 the term of the term of the convertible loan notes (note 19) was extended from 24 months to 42 months, now ending in February 2021. During this extended period the noteholders, subject to investor majority consent, have the right to serve the company with a redemption notice at their discretion.

Koovs Plc
York House, 23 Kingsway, London WC2B 6UJ
koovs.com/corporate

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